

# **Targeting Sectors for Investment and Export Promotion in Sri Lanka**

**Board of Investment of Sri Lanka  
Export Development Board of Sri Lanka  
Harvard Center for International Development**

# Targeting Sectors for Investment and Export Promotion in Sri Lanka

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## Foreword

Governments are trying to diversify their economies across the world. “Targeting” is now common in these governments, given the need to identify industries or sectors to diversify towards in any diversification effort. This is not like all the other targeting exercises I commonly see, however. Its quality is something I have not seen before; the employment of Sri Lanka’s vast data resources is amazing, and the use of these data to tell a targeting narrative is both creative and compelling. The team that developed this study gives technical and political interest groups the opportunity to toggle between different objectives and criteria to see what sectors make the most sense under different conditions and with different goals in mind. This is innovative and important.

Beyond this, the study breaks ground because it is a direct and unequivocal product of a team of Sri Lankan experts. Sad to say, but most governments outsource their targeting to academics or consulting firms or even to development organizations. These outside entities may do a good job technically, but I have always thought this job is not one to outsource. I have realized why by observing this team in Sri Lanka: they are more committed to the work than any outside consultant I have ever seen (because it is their country, and the result of today’s diversification efforts will have a huge impact on the team members’ children) and bring vital contextual know-how to the job better than any outside consultant I have ever seen.

Most importantly, the team that produced this product has built capability through the exercise that they can take to other similar tasks, and which they can keep providing to everyone involved in the country’s diversification initiatives. This capability is impressive, and will undoubtedly prove a significant input into Sri Lanka’s growth narrative in the years to come. Because the team did this work, the capability is theirs to keep, and use, and build, and all credit and kudos should go to them for all they have achieved.

### **Matt Andrews**

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## Preface

Sri Lanka is facing the problem of inadequate foreign direct investment (FDI), in a situation where FDI is more important than ever for the economic and social development of the country. Moreover, the limitations of the nation's export basket have prevailed for decades. These issues have been a serious hindrance for country's development, and warrant serious attention from policymakers. To meet this challenge, an essential first step is to develop an investment attraction and promotion strategy, identifying the most promising sectors for the present and future diversification of the economy.

This report publishes the research work carried out by the "Sector Targeting Team," consisting of BOI and EDB officials. It contains in-depth research on all private-sector, tradable activities (goods and services), categorized into 30 full-sectors and 29 selected subsectors. These sectors have been evaluated based on three major factors, namely market opportunity, investor interest, and the impact to the economy, in order to identify high-potential sectors for investment attraction. The scope of this study was subsequently extended to identify the top sectors' appropriate promotional strategies, by taking into consideration the current strengths of Sri Lanka, the sectors' feasibility (based on the country's current know-how), and the availability of needed hard and soft assets.

The first part of the report provides an overview of the importance of developing a sector strategy for FDI and exports, and outlines a model to align with the development needs. The second part provides the technical methodology, and the third part provides the results and recommendations. A key element of this report is the sector scorecards, which give a two-page summary on each full sector and related subsectors; these can be found in the Appendix.

Collecting and analysing data for this comprehensive study was a significant undertaking. The final outcome is a rich resource in which any potential investor, researcher, or other interested party can obtain over sixty data points on any sector, as well as aggregated index scores for six major factors. We also hope that by providing access to this research, it may serve as a model for other economic development institutions as well.

The work of the Sector Targeting Team represents a milestone in the history of BOI, reflecting the hard work and insights of a diverse group of BOI and EDB officers. However, this work would not have been possible without the support of many friends and colleagues. First, we would like to express our sincere gratitude to the Board of Directors and the Director General of the Board of Investment of Sri Lanka, and the Chairperson of the Export Development Board of Sri Lanka, for initiating this valuable programme, and allowing for the use of staff time and resources on

this new initiative. We also wish to recognize the truly instrumental guidance and expertise given from start to finish by the Harvard Center for International Development (CID)'s Building State Capability team, comprised of Professor Matt Andrews, Mr. Peter Harrington, Ms. Anisha Poobalan, Ms. Gita Thiagarajah, Mr. Timothy McNaught, and Ms. Salimah Samji.

The study also benefitted immensely from the technical support of the Harvard CID Growth Lab Team – we wish to thank Professor Ricardo Hausmann, Mr. Tim O'Brien, Ms. Sehar Noor, Dr. Ljubica Nedelkoska, Dr. Ermal Frasheri and Ms. Neluni Tillekeratne for their guidance on targeting questions, feedback on the report, and generous support in data preparation. We are also thankful to Ms. Annie White, Ms. Kat Nguyen, Mr. Mali Akmanalp and the rest of the Harvard Atlas Team, for their useful online tool and for feedback on the study. Additional expert feedback was given by Mr. Adam Collins, Ms. Yajna Sanguhan, Ms. Amali Ratnayake, Ms. Sanduni Gunawardena, and others. We are deeply grateful to all mentioned here for their instructive support.

Finally, our efforts would not be fulfilled if we do not document this study and its research findings, for which unconditional and invaluable support was received from Mr. Daniel Stock of the Harvard CID Team and Ms. Priyanka Samaraweera of the Research & Policy Advocacy Department of the BOI.

It is now the time for the BOI and EDB, jointly with the policymakers of the country, to make use of this valuable piece of work. We must translate thought into deed, providing the right policy environment to ensure that FDI is attracted and exports are facilitated in these identified sectors.

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**Part One:**

**Why target?**

## Sri Lanka’s diversification performance

Despite being a pioneer in adopting open economic policies as early as 1978, Sri Lanka’s foreign direct investment (FDI) inflows have been insignificant over last 3 decades. Furthermore, unsatisfactory performance in attracting export-oriented FDI has a direct bearing on country’s export performance, resulting a small basket of primary exports for over two decades, which is stagnating or in a declining phase. In fact, it can be noted that more than 60% of the total merchandise exports of Sri Lanka has been generated by three major product categories, namely Apparel and Textiles, Tea, and Rubber (Figure 1).

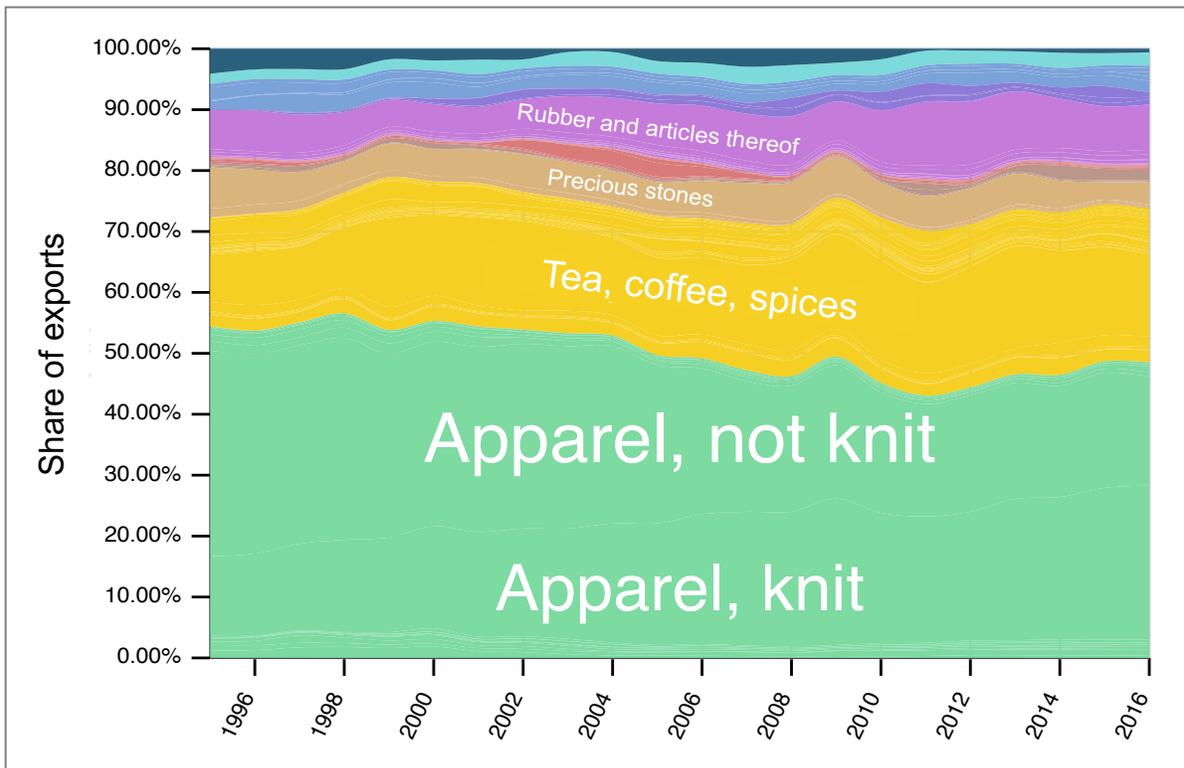


Figure 1: Sri Lanka’s Export Basket (1995-2016). Source: Atlas of Economic Complexity ([atlas.cid.harvard.edu](http://atlas.cid.harvard.edu))

In China, Thailand, Vietnam and other countries in the region, economic structures have diversified, constantly adapting in response to changing conditions, and innovating to yield new opportunities that significantly raise incomes (Table 1). In the Sri Lankan scenario, there are a few new—but relatively small—service areas (in IT, especially) and some low volume new export products, but such marginal innovation has not created a new growth highway for the country.

## Sri Lanka’s diversification strategy

There are certainly multiple factors behind Sri Lanka’s poor diversification performance, many of which are completely outside the influence of the Government. However, it is also true that each sector requires its own set of conditions in order to thrive. A sector may be missing due to the absence of favourable

*Table 1: Export diversification in Sri Lanka and peer countries, 2000 to 2015*

| Country     | Products added to export basket | Value of new export products |                            |
|-------------|---------------------------------|------------------------------|----------------------------|
|             |                                 | Per capita (USD)             | Total value (USD billions) |
| China       | 76                              | 245                          | 331.6                      |
| Thailand    | 70                              | 326                          | 21.8                       |
| Vietnam     | 48                              | 545                          | 50.4                       |
| Philippines | 11                              | 12                           | 1.2                        |
| Malaysia    | 10                              | 149                          | 4.7                        |
| ROK         | 9                               | 67                           | 3.3                        |
| Sri Lanka   | 7                               | 5                            | 0.1                        |
| Indonesia   | 4                               | 3                            | 0.8                        |
| Myanmar     | 1                               | 0.04                         | 0.002                      |
| India       | 0                               | 0                            | 0                          |
| Bangladesh  | 0                               | 0                            | 0                          |

| New Product Categories in Sri Lanka             |
|---|
| [HS 1101] Flour (wheat or meslin)               |
| [HS 2403] Cigarettes                            |
| [HS 2824] Lead oxides                           |
| [HS 5310] Fabrics (woven, of bast fibers)       |
| [HS 5804] Fabrics (tulle and other net fabrics) |
| [HS 5910] Textiles (for conveyor belts)         |
| [HS 6310] Textiles (rags and scraps)            |

*Notes: measures new product categories (4-digit HS level), which had negligible exports from 1998-2000 (RCA < -0.1) and high exports (RCA > 1) from 2013-2015. Does not include service exports, or innovations not captured by HS codes (e.g. quality improvements). Source: UN COMTRADE, via Harvard CID*

factors, or the presence of unfavourable factors. For example, no country can be internationally competitive in the Food Processing sector without the existence of strong phytosanitary measures, nor can a country’s Pharmaceutical sector succeed without adequate provision of wastewater treatment facilities. The presence of unfavourable sector-specific barriers may also lead to poor diversification performance: a country’s Energy sector might be held back by cumbersome approval processes, for example. Thus, a pro-diversification policy would seek to provide any needed inputs (or remove adverse barriers), according to the specific needs of each sector.

However, governments have limited resources, and cannot fix all problems at once; they are “doomed to choose” which sectors’ issues to tackle first (Hausmann and Rodrik, 2006). Oftentimes, this can lead to the entrenchment of the status quo, as underdeveloped sectors will have few investors who might actively lobby for improvements, and few government agencies tasked with addressing their needs. This can result in a chicken-and-egg problem: sectors are absent because of missing public goods, but those goods are not provided because there is no sector demanding them.<sup>1</sup>

Sector targeting is meant to counteract this gap. Rather than waiting for investors to come knocking, governments can proactively study market opportunities, determine a shortlist of promising new sectors, and engage with leading investors in those sectors – investigating what it would take for those investors

<sup>1</sup> Of course, some sectors will have overlapping needs; addressing these needs would then ease diversification into highly related products. For example, providing cheap electricity would be a boon to multiple energy-intensive sectors. This suggests two possible diversification strategies: (i) targeting new sectors with highly similar needs to existing sectors, or (ii) targeting new sectors with highly similar needs to many other new sectors (i.e. many potential spillovers), acting as a foothold into an entirely new cluster.

to succeed in Sri Lanka. This was the approach taken by the Irish investment promotion agency, IDA Ireland. In their push to boost FDI, they found that targeted promotion was most successful. IDA conducted a series of benchmarking studies, evaluating sectors by their potential long-term competitiveness and benefits for Ireland. IDA officers then used this information to switch to a proactive marketing approach, focusing on only three sectors: ICT, Life Sciences, and Globally Traded Services. Having such a focus allowed IDA officers to become sector experts: learning the “pain points” of each sector, and closely pursuing leads on the sectors’ top companies. The effort was a success – even today, Ireland’s FDI is dominated by these three sectors (O’Donovan, 2017).

Other studies of Sri Lanka’s diversification performance have also identified the need for targeting, recognizing that the Government must focus its policies aggressively if it is to establish sectoral diversification. Recent papers by outside organizations have gone beyond noting the need for targeting, and actually provide lists of potential targets.<sup>2</sup> These lists have been provided to different institutes of the Government of Sri Lanka (GoSL). For instance, the International Trade Centre (ITC) and Commonwealth Secretariat prepared sector targeting lists for the Export Development Board (EDB), and the World Bank provided a sector list for the Board of Investment (BOI). Some of these target lists have been generated by external experts without any direct engagement by Sri Lankan officials, and without localizing the targeting methodology to meet the requirements of Sri Lankans.

While all of these targeting products arguably have some value for Sri Lanka in its current state, it is less than optimal to have (i) different target lists, (ii) produced for different institutes, (iii) with no domestic knowledge of how the targets were identified, and (iv) with no domestic capability to evaluate the targets or assess alternative potential targets (or update target lists in future). In short, having a fragmented set of opaque, externally generated targets is not the same as having the internal capability to generate robust, transparent and generally agreed targets – and actually implement those targets. Furthermore, there may be drawbacks in using targeting approaches developed outside of Sri Lanka. In the absence of a universal “best practice” methodology, countries engaged in sector targeting usually develop their own prioritization mechanisms, as they have different reasons for targeting, and distinct national and geographical advantages.

Finally, it should be noted that sector targeting should not mean that non-priority sectors are ignored. The Government of Sri Lanka should encourage all sectors to thrive, and roll out the red carpet for exporters and investors of all kinds. However, the Government does not have resources to fully meet the requirements of each and every sector immediately. Thus, it is prudent to pay special attention to the most promising sectors, which can bring more positive impact to the Sri Lankan economy, and which show large market demand.

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<sup>2</sup> See <http://thecommonwealth.org/media/press-release/commonwealth-helps-sri-lanka-diversify-exports> for one such study.

## Building Sri Lanka's capacity for targeting

Realizing these limits of external targeting advice, the Sri Lankan Government decided to establish its own internal targeting capacity. In August 2016, senior government officials appointed a team (called the Targeting Team, or T Team) to build a domestic targeting mechanism and to identify priority sectors for Investment and Export Promotion in Sri Lanka. The team was made up of officers from the BOI and the EDB, the Government's two major authorities for promoting investment and exports (Box 1).

The Government of Sri Lanka's targeting exercise was led by two agencies under the Ministry of Development Strategies and International Trade:

- The **Board of Investment (BOI)** of Sri Lanka was founded in 1978, as the Greater Colombo Economic Commission. Its mission is to work in a positive and speedy manner to fulfil Sri Lanka's potential to attract and retain quality investment that leads to an enhanced export base, brings more and better jobs, and enhanced knowledge and skills through new technologies and innovations. However, the BOI has not engaged in a data-based targeting exercise since the 1990s. The T Team was made up of officers from multiple BOI departments, including Research and Policy Advocacy (R&PA), Investment Promotion, Investment Appraisal, Project Implementation and Environment Management.
- The **Export Development Board (EDB)**, Sri Lanka's premier state organization for the development and promotion of exports, was established in 1979 under the Sri Lanka Export Development Act. No. 40. In recent years, it has used sector recommendations from USAID, the Commonwealth Secretariat, and the International Trade Commission, among others. Officers from the Policy and Strategic Planning Division and Market Development units participated in the T Team.

### *Box 1: Government of Sri Lanka agencies participating in the targeting exercise*

The team worked with experts from the Harvard Center for International Development (CID) through a Problem Driven Iterative Adaptation (PDIA) programme (Andrews, Pritchett and Woolcock, 2013; see Figure 2) lasting for six months, from August 2016 to January 2017. The PDIA process consists of few steps, starting with identifying problems that team members wish to solve, and deciding what are the initial actions to be taken to solve it. In Sri Lanka, the Prime Minister had asked the BOI, EDB and the Sri Lanka Tourism Development Authority to focus their efforts on increasing investment and exports. For this purpose, those agencies convened seven teams of officers (including the Targeting Team). Each team was given a task – such as developing a targeting mechanism – but was allowed to choose its own solutions.<sup>3</sup> At weekly meetings, each team discussed their progress towards solving the problem, and what additional steps were needed in the next weeks. These teams were meant to be temporary, bound to specific problems: after six-month increments, each team decided whether to continue their work, or to switch to a different task, or to dissolve.

<sup>3</sup> The other teams were given tasks such as engagement with potential anchor investors, development of new and non-traditional exporters, identifying appropriate lands for investment, and resolving investor issues.

This is different from other, more top-down approaches to policy planning and implementation. First, the team identified the problems by themselves, and, through a group activity, identified the remedial measures to be taken by themselves. The other differentiation of this approach is it involves a number of iterations to come up with the best solution for the identified problems, rather than strictly following a predetermined action plan. This degree of flexibility recognizes the high difficulty and uncertainty associated with policy implementation.

For the issue of sector targeting, applying the PDIA process meant that the T Team met weekly, setting ambitious performance targets in two-week intervals and regularly reporting its progress to the other PDIA teams.<sup>4</sup> In the first month, the team solidified its diagnosis of the problem: why a sector targeting analysis was needed, what factors prevented the formation and execution of a sector-specific strategy, and what kind of analysis they wished to perform. After comparing different sector targeting approaches, including the one under use by the World Bank’s program at the BOI, the team opted for a data-based targeting approach, involving more scientific calculations and interpretations.

To launch this exercise, the team requested the assistance of the Harvard Center for International Development (CID) to conduct a training program for the core team members and the supporting research staff. Harvard CID was very much cooperative in this regard and they appointed Mr. Daniel Stock, a CID research fellow, as a resource person to conduct training sessions for the 10 core team members and 6 subordinate team members.

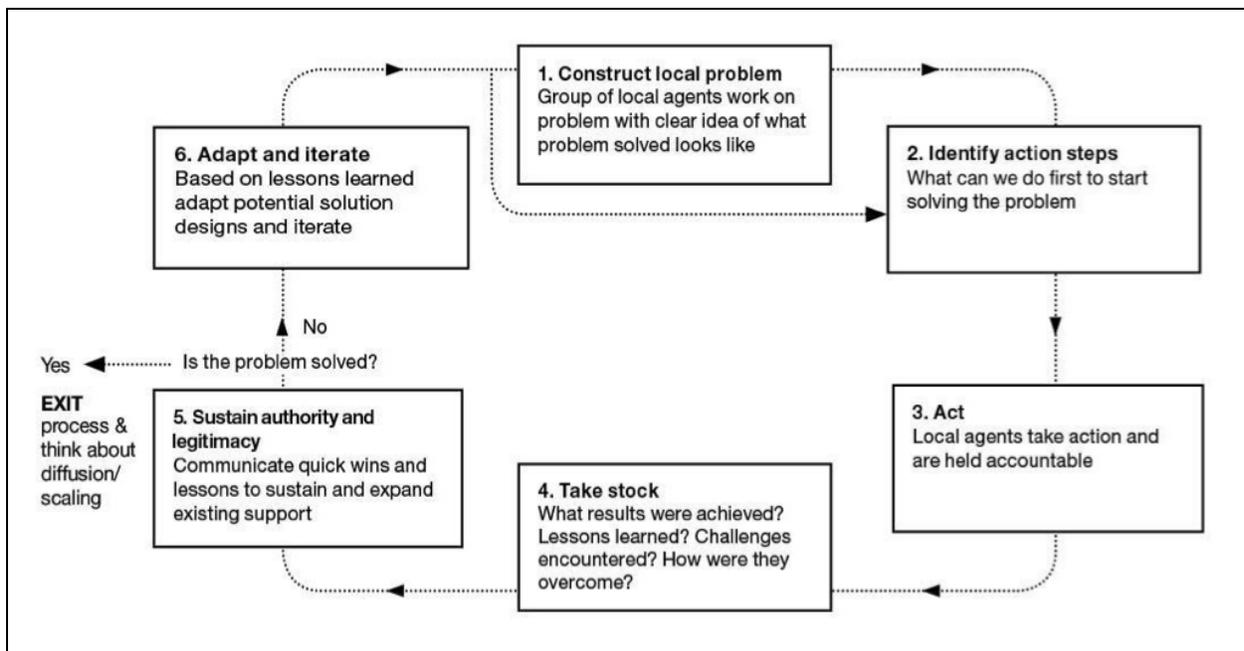


Figure 2: The Problem-Driven Iterative Adaptation (PDIA) approach

<sup>4</sup> For a full analysis of the application of PDIA via the T Team, see Andrews et al, 2017.

The weekly training sessions lasted for two months, from October to November 2016. Initial sessions began by brainstorming, allowing the team members to come up with their list of relevant questions about different sectors. These variables would allow the team to measure which sectors were more promising than others: giving more impact to the economy, or more likely to attract investors. This list grew and evolved as the trainings progressed, eventually forming the targeting criteria template. The core and subordinate teams then selected their subsectors of interest, for which they were asked to fill relevant data in spreadsheet format. This data was simultaneously collected, cleaned and shared by team members each week. Once the sector templates were developed for assigned subsectors, the data collection was extended to cover full sectors as well. The interactive training sessions continued to cover the analysis and interpretation of the findings, focusing on developing team's strength in these aspects.

Preliminary results were available for presentation by the end of December 2016, at which point the team presented its initial results to the Minister of Development Strategies and International Trade. These results were then put into action, with other officers in the BOI and EDB meeting with investors and exporters in sectors that the team had recommended (see second Application Case Study). In the subsequent months, the team shifted its attention to solving Sri Lanka's scarcity of land for new investors. They worked to extend the targeting analysis to evaluate state lands based on their quantitative characteristics, and matching these characteristics with the requirements of priority sectors (see first Application Case Study). The team also continued to refine its work over this period, and presented its findings at the Prime Minister's Office in July 2017, and at stakeholder meeting at Bandaranaike Memorial International Conference Hall, in the presence of a group of economic ministers and Harvard CID Director Ricardo Hausmann.

The next section describes the analytical approach used by the team, followed by a summary of the resulting sector targeting recommendations. Most importantly, sector recommendations from the team have already been put into action: the final section of this report describes the active investment and export promotion initiatives using recommendations from the targeting team's research, including two in-depth case studies. The report then concludes with possible extensions and next steps for the targeting work, and some reflections on lessons learned.

## **Part Two:**

# **Targeting methodology**

### Overview of conceptual framework

The work took place in multiple stages, iteratively connecting the vision for sector targeting to the final sector comparisons and recommendations (Figure 3). These stages are described in the following sections.

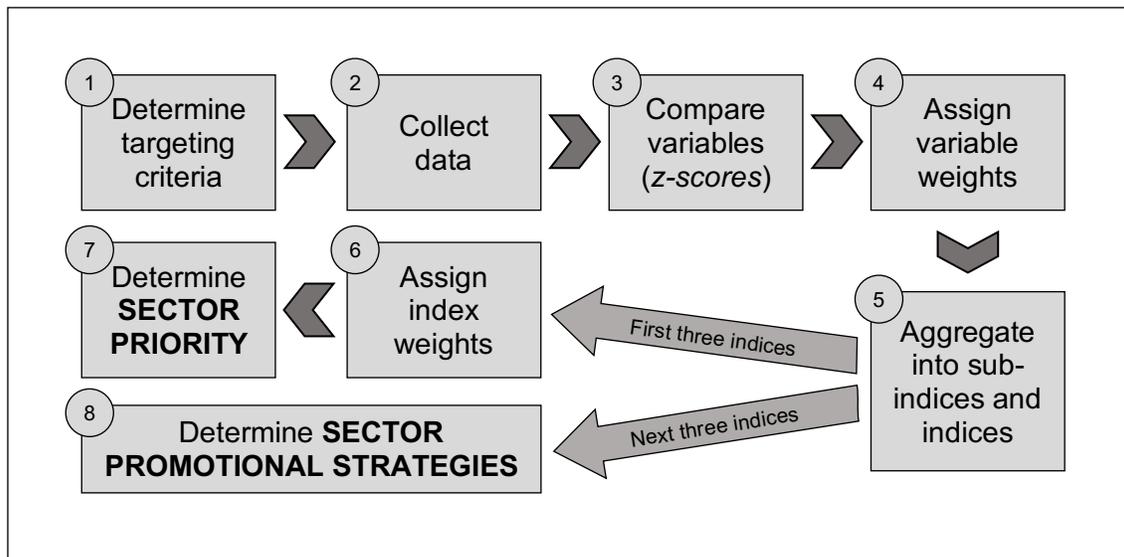


Figure 3: Conceptual framework

### Preparation of targeting criteria template

The team initially prepared a template consisting of five key questions used to compare the sectors, based on a World Bank template.<sup>5</sup> The team then progressively developed this template with their own questions of interest, resulting in a final grouping of six indices and 16 subindices (Figure 4). These indices balance the sectors’ benefits to the economy with their attractiveness, and with Sri Lanka’s ability to promote them.

### Collecting the data

For each of the 16 subindices in the targeting template, the team identified sources of data that could give quantitative answers to the questions raised. Effort was made to include multiple sources of data for each question whenever possible. For example, the Job Creation subindex includes 3 variables: (i) the number of Jobs per each million Rupees value added in Sri Lanka, (ii) the ratio of Jobs to value added in peer countries (Malaysia, Thailand and Vietnam), and (iii) the labour share of value added in the United States. Together, these variables allow the team to estimate the number of jobs each sector can create.

<sup>5</sup> The questions in the original World Bank template were: (i) Will growth in this product / industry have a significant impact? (ii) Are there attractive market opportunities in this sector? (iii) Are there already good investor prospects in this sector? and (iv) Does Sri Lanka have the assets to be competitive in this sector?

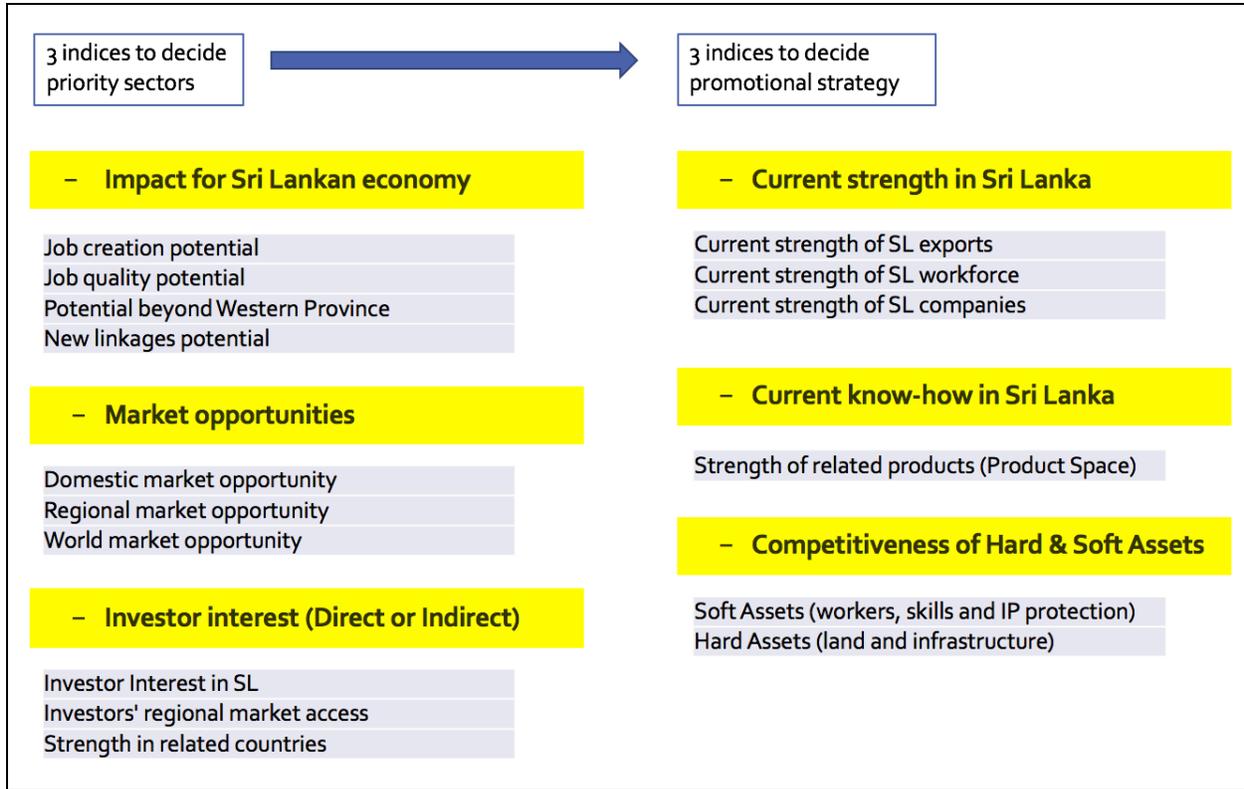


Figure 4: template used for evaluating sectors

Datasets were obtained from a variety of sources. (See the bibliography section for the full list of data sources used.) A large amount of high-quality data was available through the Sri Lankan Department of Census and Statistics (DCS), the Customs Department, and the BOI itself (tracking FDI and export-oriented firms). However, this data may not accurately measure sectors that are particularly small or uncompetitive in Sri Lanka today; this is concerning for a study focused on diversification into new sectors. Thus, data was also obtained that covered “peer countries,” such as Vietnam, Thailand and Malaysia. Lastly, the most easily accessible data came from high-income countries, especially the United States. While such data does not represent the sectors’ performance in a middle-income context, it could be said to represent the “frontier” of possibilities for that sector (e.g. what sector wage averages might look like as national incomes rise). In all cases, care was taken to specify the origins of each source.

Datasets also differed in terms of the sector specificity and coverage. Some were highly aggregated, listing few industry categories, while others described thousands of specific products or activities. Preference was given to disaggregated sources, which could be re-aggregated when necessary. The team also looked for datasets with the widest coverage of sectors. Many included only manufacturing exports, or (in the case of trade data) physical goods. Thus, special effort was taken to find new datasets incorporating service activities and trade in services. Occasionally, including service sectors meant using imperfect proxies, such as food and accommodations services standing in for the tourism sector.

These variables were tabulated at two levels of aggregation: “**full sectors**” and “**subsectors**” (Box 2). The full sectors cover all tradable private sector activities in manufacturing, services, and agriculture at a higher level of aggregation. They represent virtually every possible area for export or investment promotion, though they may not be specific enough for building targeted strategies. Subsectors are more disaggregated – for example, “Insulated Wires” is a subsector within the “Electrical Equipment” full sector. As they began collection of the data, the team members selected an initial seventeen subsectors for study. This list was meant to be representative of Sri Lanka’s trends in inward investment and exports, as well as the team’s appraisal of economic activities meriting further study. The team then selected additional promising subsectors as the highest-scoring full sectors became clear. Thus, the final analysis covered 30 full sectors and 29 subsectors.<sup>6</sup>

The targeting exercise was divided into two levels of economic activity: subsectors and full sectors.

- The 29 **subsectors** studied generally correspond with four-digit Harmonized Sector (HS) codes, though in rare cases multiple four-digit codes were combined into a single subsector. For example, the team defined the Medical Devices subsector as HS codes 9018, 9019, 9021, 9022.
- Each subsector falls under a **full sector**. For manufactured and agricultural goods activities, the full sectors were defined as the relevant two-digit codes of the International Standard Industrial Classification of All Economic Activities (ISIC), revision 4. For seven service export activities, full sectors correspond with top-level codes of Extended Balance of Payments Services Classification (EBOPS) 2002 revision. Besides these 30 tradable full sectors, partial data was also collected for an additional 14 non-tradeable full sector activities (e.g. real estate), though they are not included in the study.

The datasets collected by the teams fell under a number of different classifications, revisions and levels of aggregation. Team members used concordances and their best judgment to ensure that the correct definition was used to describe each sector.

*Box 2: Defining the full sectors and subsectors*

By the end of the exercise, the team had developed a full database collating 127 variables for each full sector and subsector, from over twenty different sources. The database stands as a product of the learning and engagement of the T-Team, from the initial trainings on data needs and sources, to efforts by team members to engage with different entities to access the data, to the final cleaning and preparation of sector-level variables. However, it should be noted that not all of the team’s questions were possible to answer using available data; see the final section (“Next steps and lessons learned”) for more information on missing variables and plans to include them in a later iteration.

## Comparing the variables

Having collected the data needed to measure each sector’s performance, the team needed an method to transform the raw variables into the indices and subindices in the template.

---

<sup>6</sup> As noted in the concluding section, the team plans to study further subsectors in a second iteration of the targeting exercise.

One approach considered was transforming the variables into rankings or percentiles. This would allow for comparison across different units – e.g. which sector had the highest export volume from Sri Lanka (in millions of USD) vs. which sector has the highest share of managers employed (as a percentage). However, rankings and percentiles give no sense of the variation between sectors. Rankings would reveal which sector produces the highest export volumes, but not how much higher than the average it is. On the other hand, a useful measure would also avoid high sensitivity to outliers, i.e. when a particularly high or low value from one sector has a large effect on the scores of the other sectors.

One measure that fulfils these requirements is the standard score, or “z-score.” While more complicated than a ranking, it is relatively easy to calculate and interpret, especially for audiences familiar with basic statistical concepts: a score of zero is average, while a score of one (or negative one) represents values that are one standard deviation above (or below) the average. Meanwhile, it completely preserves the variation of the variable, and (through the use of the standard deviation) is less sensitive to outliers. One shortcoming is the lack of a finite scale: technically, z-scores can range from negative infinity to positive infinity. However, if the variable follows the normal distribution, 95.4% of its values will receive z-scores falling between -2 and 2.<sup>7</sup>

### Calculating z-scores

For each of the variables collected, a z-score was calculated to see how the sector performs compared to other sectors of the economy:

$$z\text{-score} = \frac{x - \mu}{\sigma}$$

where  $x$  is the variable’s value for the sector (the sector’s performance),  $\mu$  is the variable’s mean value for all sectors (the average performance), and  $\sigma$  is the standard deviation of the variable for all sectors (a measure of how widely the sectors vary). Note that in many cases, the variable has already been transformed as a logarithm; this transformation was used for variables spanning multiple orders of magnitude, such as sectors’ export volumes (which ranged in the tens of thousands to billions of USD).

As stated above, z-score equal to zero means that the sector’s value is exactly average, while a score of one means that its value is one standard deviation above the average. Furthermore, assuming that the variable’s values fall under a normal distribution, then the z-scores can be evenly split into five levels, or “quintiles” (Figure 5). These are:

- i. z-scores lower than -0.85 (“**very low**”),
- ii. z-scores between -0.85 and -0.25 (“**low**”)
- iii. z-scores between -0.25 and 0.25 (“**average**”),
- iv. z-scores between 0.25 and 0.85 (“**high**”), and
- v. z-scores greater than 0.85 (“**very high**”)

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<sup>7</sup> In fact, the variables considered in this study come quite close to following this rule: 94.9% of standardized observations range between -2 and 2.

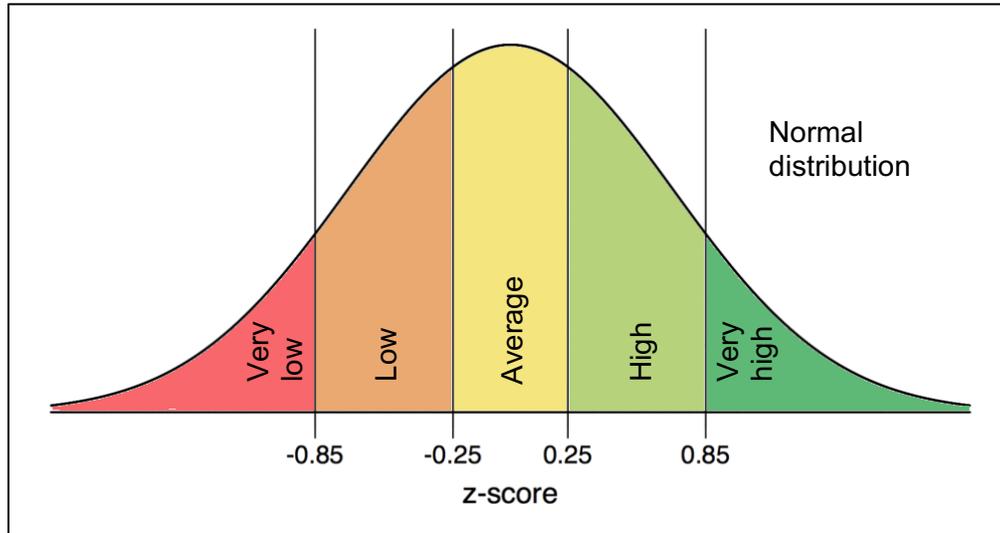


Figure 5: z-score quintiles in the normal distribution

These quintiles are given alongside the index z-scores to facilitate their interpretation.

Transforming the variables into z-scores (sometimes called “standardizing” the variables) is useful because it allows for easy comparison between variables. For example, the number of BOI Applications in the past 5 years for the solar panels and diodes subsector was 9. The mean number of applications across all subsectors was 11, with a standard deviation of 18. The absolute value for the sector, mean and standard deviation was used to calculate the z-score for the subsector, -0.09, which is within the third quintile (“average”). This means, the solar subsector is an average performer compared to other subsectors in terms of the number of recent BOI applications.

## Building the indices and subindices

### Assigning variable weights

After being standardized into z-scores, the variables were grouped together into indices as specified in the sector targeting criteria. Index scores were calculated as weighted averages of the variables’ z-scores, with variable weights generally falling between 0.33 and 3 – i.e. giving them one third to three times as much impact on the index score.

This weighted average approach served multiple purposes. First, not all variables were equally important to the team’s motivation for each index. For example, for measuring regional market opportunity, the team wanted to focus primarily on India. Thus, variables related to Indian market demand were given higher weightages than variables covering China. Second, some of the team’s questions would be answered by several representative quantitative variables, while others were covered only by a single variable. For example, when the team considered the wage potential of each sector; this was measured

by three variables (from Sri Lanka, UNIDO, and US sources). In this case, each variable was given a one-third weight, since having three answers does not make the question three times as important. Ultimately, the values of these weights were assigned in a discretionary manner, according to the critical judgement of the team members. However, the index values are more or less similar when each subindex is assigned with an equal weight.<sup>8</sup>

### Measuring Impact for the Sri Lankan Economy

To calculate a sector’s potential benefits, the **Impact for the Sri Lankan Economy index** is composed of 4 subindices: Job creation potential, Job quality potential, Potential beyond the Western Province, and New Linkages Potential, covering 11 variables in total (Figure 6). The job creation potential subindex measures the potential of a particular sector to generate employment. There are different ways this can be measured, such as jobs per million rupees value added (in Sri Lanka), or the ratio of wages paid to value added (measured within the US).

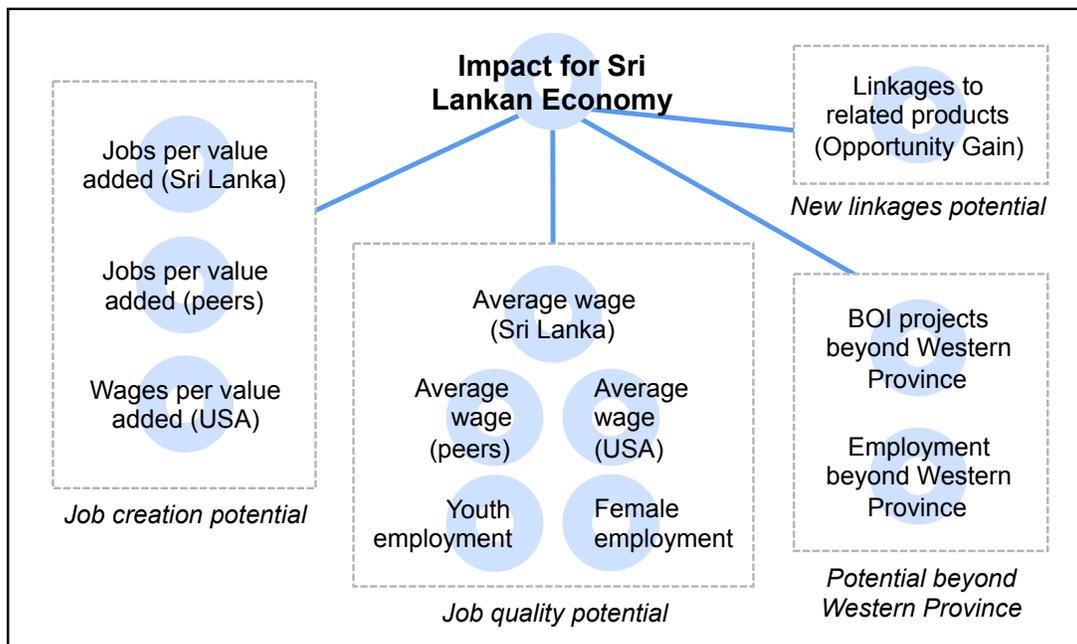


Figure 6: Variables used to build the Impact for Sri Lankan Economy index

The job quality potential subindex uses variables such as the sector’s median wage rate of Sri Lanka and that of peer countries, and the potential of creating jobs for youth and women. The potential beyond the Western Province subindex is measured in terms of number of employees and BOI projects outside the Western Province; this is important because it estimates the opportunity to reduce regional disparity. The

<sup>8</sup> Under the equal weights scenario, the top seven full sectors are the same, though with some differences in the exact order of the ranking. Furthermore, the scores for the six indices are highly similar irrespective of whether or not the team’s assigned weightages are used (correlation equals 97.8% for full sectors and 97.6% for sub sectors). This suggests that the assigned weightages do not unduly impact the index results.

new linkages potential subindex consists of the opportunity gain index, from the Harvard CID’s complexity analysis (Hausmann and Hidalgo et al., 2014). It measures the sector’s similarity to new sectors not yet present in Sri Lanka: sectors with a high score could bring valuable new linkages for further diversification.

**Measuring Market Opportunity**

Next, the **Market Opportunity Index** consists of 3 subindices: Domestic Market Opportunity, Regional Market Opportunity and World Market Opportunity, which altogether consist of 11 variables (Figure 7). First, it is important to see which sectors could enjoy a large domestic market, especially in terms of replacing imports (and saving foreign exchange). This can be measured in terms of 3 variables: the overall import value (in log USD), the import intensity (comparing Sri Lankan import levels to global imports per capita<sup>9</sup>) and the change in imports in Sri Lanka over the last 3 years. Regional market opportunity is measured in terms of the imports of India and China, which can be considered as export destinations for the products within a particular sector. As with domestic market measures, this can be measured using variables such as overall import value for the product (in log USD), import intensity for India and China, and the change in imports in India, as well as the duty-free coverage under the Indo-Lanka FTA. World market opportunity (in terms of world trade and change of world trade during last three years) is measured to assess the opportunity for a particular product globally.

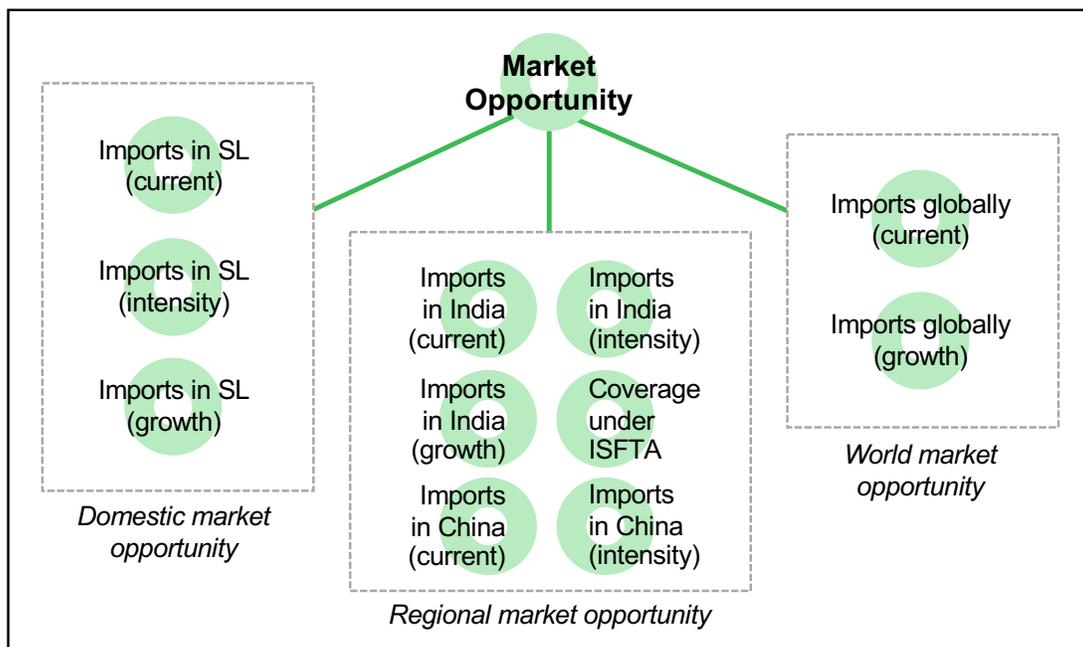


Figure 7: Variables used to build the Market Opportunity index

<sup>9</sup> That is, if Sri Lanka’s imports of electronics goods was 779 USD million (or roughly 37 USD per capita) and global imports were 2,330 USD billion (or around 310 USD per capita), then Sri Lanka’s import intensity in electronics is 12%. This measure is similar to the revealed comparative advantage (RCA) index.

### Measuring Investor Interest

The **Investor Interest (Direct and Indirect) index** was calculated using 3 subindices: Direct Investor Interest in Sri Lanka, Investors’ Regional Market Access, and Strength in Related Countries. These 3 subindices consist of 10 variables (Figure 8). The Direct Investor Interest measures the rate of new entrants for investment and exports. It includes the number of BOI applications received during last 5 years, and number of firms exporting products for the first time within last three years. Investors’ Regional Market Access focuses on sectors’ potential in the Indian market, and is measured in terms of India’s import share from countries seen as likely investors in Sri Lanka. A high import share could signal that companies in that country are already adept at exporting in the Indian market (which sometimes seems to be difficult to enter due to presence of non-tariff barriers). This raises the possibility that they could do the same via Sri Lanka (i.e. relocating their India-oriented production facilities to Sri Lanka). Finally, exports from peer countries were used as a proxy, suggesting that countries similar to Sri Lanka have sector-specific know-how, and also might be willing to relocate or expand their production facilities in Sri Lanka.

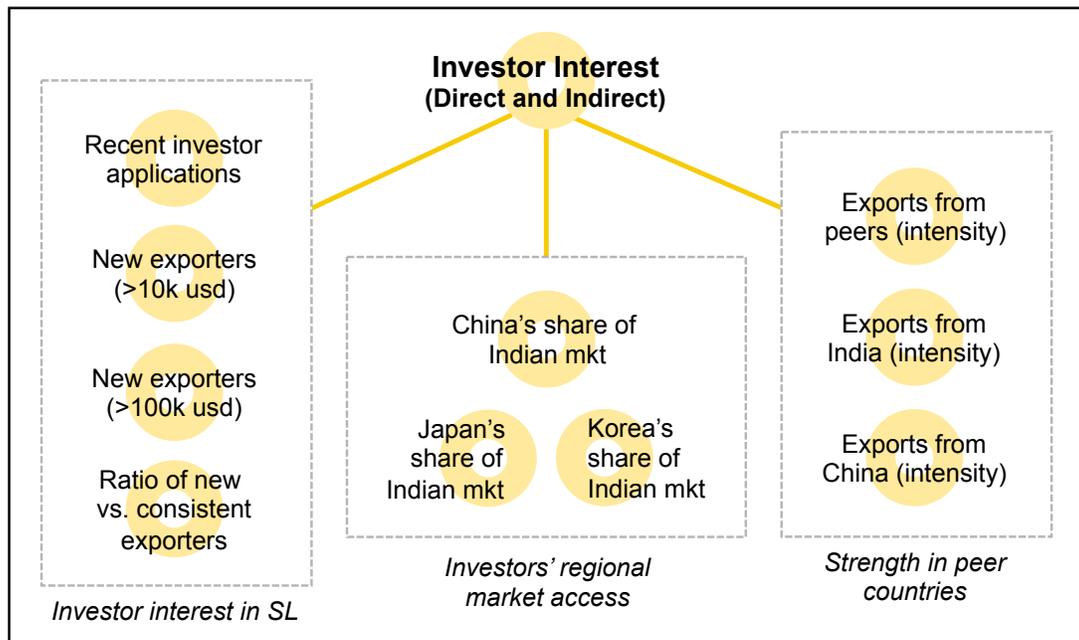


Figure 8: Variables used to build the Investor Interest (direct and indirect) index

### Measuring Current Strength in Sri Lanka

In calculating the **Current Strength in Sri Lanka Index**, the 3 subindices considered were Current Strength of Sri Lankan Exports, Current Strength of Sri Lankan workforce, and Current Strength of Sri Lankan companies. These subindices altogether consist of 9 sub variables (Figure 9). The first subindex indicates the export volume and export intensity of a particular sector. It also measures whether Sri Lanka has a share in the Indian market. The strength of the Sri Lankan workforce subindex explains whether there is already high employment in the sector, and whether the employees have high levels of training.

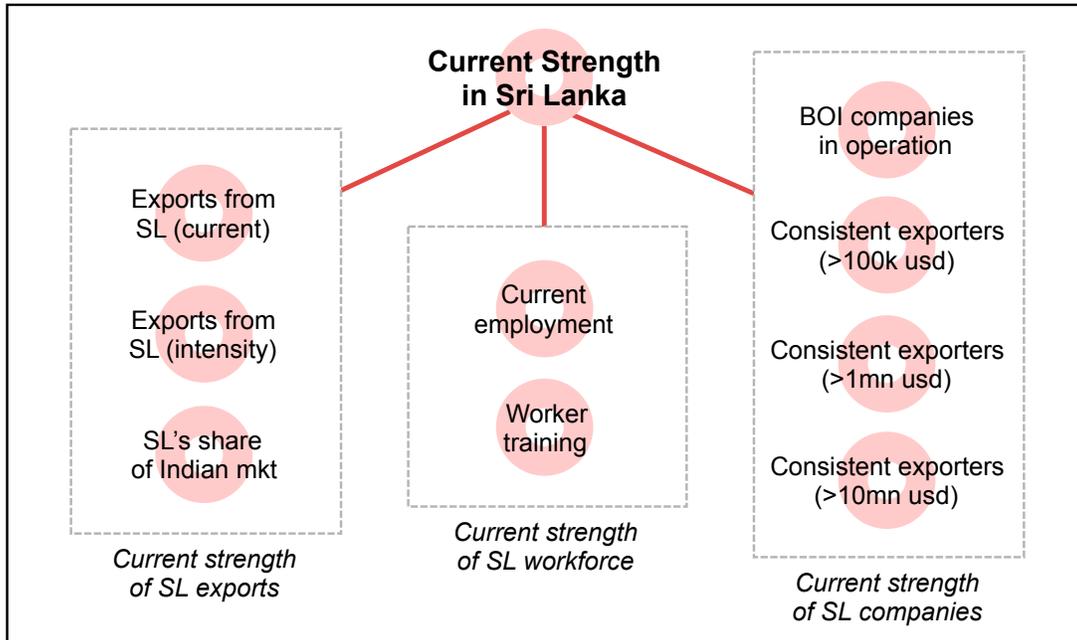


Figure 9: Variables used to build the Current Strength in Sri Lanka index

The current strength of Sri Lankan companies is measured in terms of number of small, medium and large scale consistent exporters (exporting for last three years) within a particular sector or subsector. Overall, sectors that show high strength today have the potential of both investment attraction and export promotion, whereas sectors with low strength indicates few or no existing exporters, thus making them more suitable for promoting foreign investment (as a source of new knowhow).

### Measuring Current Know-How in Sri Lanka

In addition to direct measures of a sector's current strength, the **Current Know-How in Sri Lanka index** indirectly estimates the availability of sector-specific knowledge and capabilities in Sri Lanka (Figure 10).

Unlike the other indices, the Current Know-How index consists of only one variable, the Product Space Density index (Hidalgo, Klinger et al., 2007). This variable uses patterns in country exports to predict which products may be related. For example, countries exporting solar panels and diodes tend to also export printed circuits; this implies that countries need the same kind of know-how to successfully make both products. Thus, the presence of existing exporters in related products is an indication of presence of know-how in a particular sector. This in turn may indicate that the sector is more likely to succeed, and can be promoted for exports and investment. An absence of existing exporters in related products, however, would suggest that these sectors need technological support by way of attracting foreign direct investment.

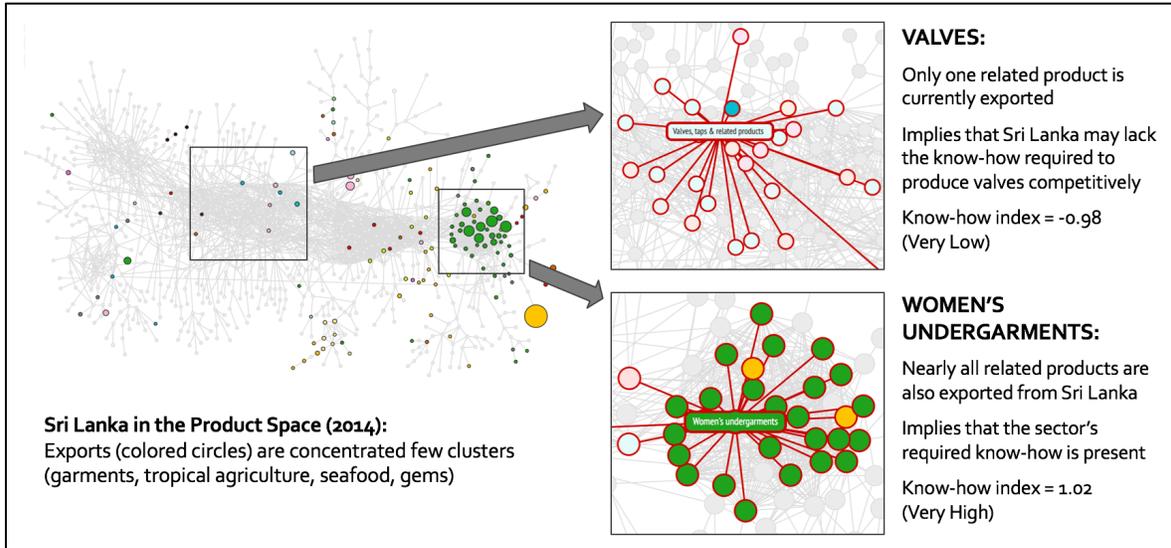


Figure 10: Using the Product Space to measure the current know-how of a sector

### Measuring Hard and Soft Asset Competitiveness

The final index assesses the **Competitiveness of Hard and Soft Assets** required by a sector. It consists of two subindices: eight categories of hard assets (such as land, water and electricity) and four categories of soft assets (such as skilled workers and intellectual property protection).<sup>10</sup> Unlike the other indices, the Competitiveness of Hard and Soft Assets index has two parts: sector requirements (the demand for the assets) and asset competitiveness (the asset's relative cost or performance) (Figure 11). This approach reflects the fact that not all assets are equally required by different sectors.

The first step in building the asset competitiveness index was to measure each sector's requirements. This assessment used quantitative data (including from UNIDO and the DCS Labour Force Surveys), as well as the expertise of BOI officers involved in environmental clearances and zones management (who could draw from official BOI guidelines, their knowledge of current practices, and their critical judgment). For example, each sector involves the hiring of management staff, yet some will have a larger requirement than others. To estimate the manager requirement of a particular sector, data was collected from the US Bureau of Labor Statistics. It appears that the electronics sector hires many managers (over 10% of the sector's total workforce), while food processing hires relatively few (Figure 12). Likewise, data on industrial water usage by sector was collected from the BOI's Environment Management Department. Sectors such as Food Products and Ceramics require more industrial water (approximately 2000 m<sup>3</sup> per day) whereas making electricity distribution panels requires less (approximately 10 m<sup>3</sup> per day).<sup>11</sup>

<sup>10</sup> As determined by the team, the most prominent hard and soft assets have been considered for the analysis, based on their applicability to all sectors or their critical nature for sector operations. However, the competitiveness of a given sector certainly depends on more than these twelve assets alone; more could be incorporated in future studies, especially if data is available (see the final section for the discussion).

<sup>11</sup> Data on hard asset requirements for service sectors was not available; for these sectors, the Asset Competitiveness index is based on soft assets alone.

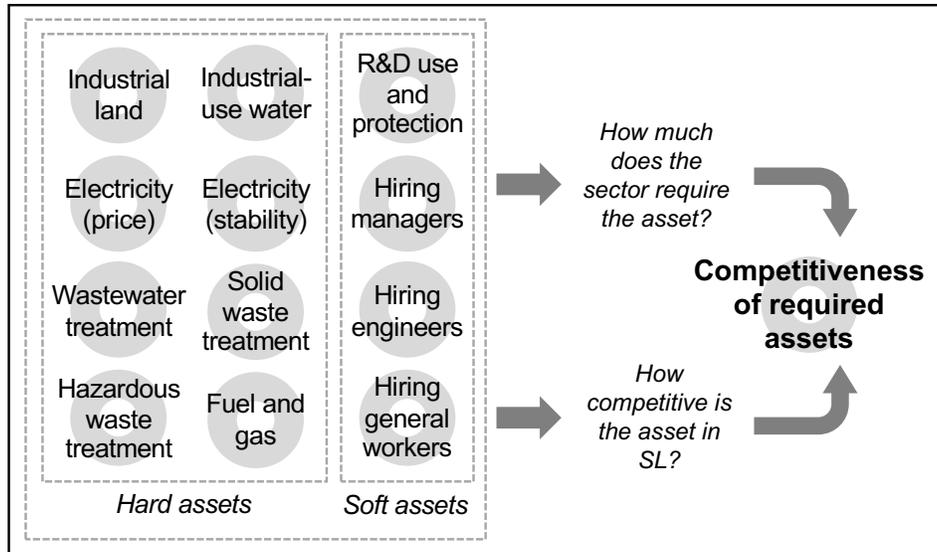


Figure 11: Variables used to build the Competitiveness of Required Assets index

In parallel, the team also estimated the competitiveness of each hard and soft asset in Sri Lanka. To do this, the team used data from JETRO, the World Bank and others to benchmark Sri Lanka’s cost performance against competitors in South and Southeast Asia. For example, the JETRO survey shows that managers in Colombo are paid an average of 12,746 USD annually (including benefits); this is lower than all peer cities except Ho Chi Minh and Danang, and lower than the overall peer average (Figure 12). Using the z-score formula<sup>12</sup> to normalize these values, Sri Lanka’s z-score in managerial salary comes out to 0.89, placing it in the highest quintile (values above 0.85). Since a country with higher wages could be seen as less competitive, this would score Sri Lanka as “very competitive” in the employment of managers.

For one asset, hazardous waste treatment, international cost estimates could not be located. Instead, the scores for solid waste treatment were used as a proxy. Other assets lacking international price comparison data (such as the cost of hiring university graduates) were excluded from the study. More generally, a more complete rendering of asset competitiveness would also consider assets’ quality and availability, in addition to cost. It would have also been ideal to incorporate redundant sources of data, to avoid reliance on a single dataset for any variable. (See the final section for a discussion of these data gaps.)

The third step is calculating an asset competitiveness index score for the sectors. Like the other indices, asset competitiveness is a weighted average, but with the extra weights for each asset’s sector-specific requirements. Thus, sectors for which the required assets are competitive in Sri Lanka (high Asset Competitiveness score) can be promoted for investment, whereas in the sectors for which required assets are not competitive (low Asset Competitiveness score), the improvement of required assets may be necessary prior to promoting those sectors for investment.

<sup>12</sup> For variables measuring the cost of an asset (e.g. the cost of solid waste treatment or the cost of labour), z-scores are multiplied by negative one. This was done because lower costs are interpreted as being more competitive. This change applies to nearly all the variables used to measure asset competitiveness.

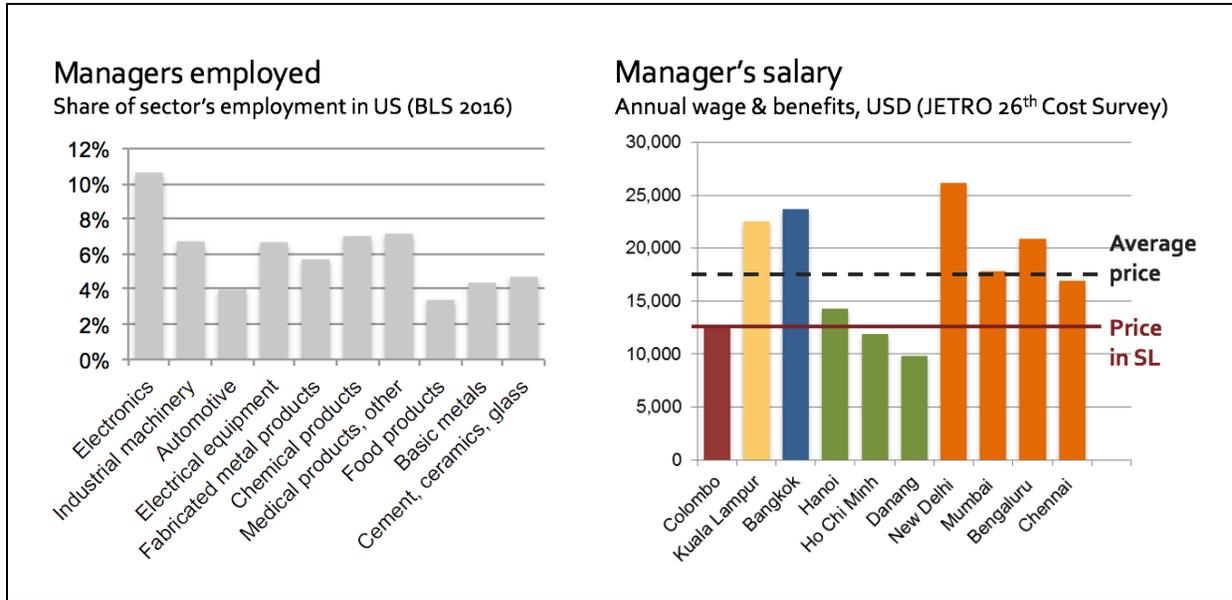


Figure 12: Measuring sector requirements (left) and Sri Lanka's competitiveness (right) in employing managers

## Determining sector prioritization and promotion strategies

The final step is to use the six indices to generate targeting recommendations: which sectors should be prioritized for promotion?

### Assigning index weights for sector prioritization

To rank the most promising sectors, an overall priority score was calculated as a weighted average of the indices. Given the uncorrelated relationships between some indices, different priority index weightages could have large effects on the ranking of a given sector. For example, there appears to be an inverse relationship between the sectors with high Market Opportunity or high Impact for Sri Lankan economy and sectors with high Current Know-How in Sri Lanka (Box 3). Thus, if one weighted Current Know-How in Sri Lanka at even 25% of the priority score, the resulting list of priority sectors includes many sectors already present in Sri Lanka (such as garments). These were the established sectors in which the country was already doing well; while they offer some opportunity for growth, they would not add significantly economic diversification.

Instead, the team was interested in selecting growing global sectors, especially those strongly associated with potential benefits for Sri Lanka — higher exports, high-quality jobs, and more. Accordingly, the team allocated weights to Market Opportunity and Investor Interest (Direct and Indirect) indices, with a combined 67% weighting, and Impact for the Sri Lankan Economy, with a 33% weighting.

Figure 13 illustrates the relationships between the six targeting indices.

The Impact for Sri Lankan Economy Index appears to have a strong positive relationship with both Investor Interest and Market Opportunity. This is promising, as it suggests that there are sectors which can benefit investors and sustain Sri Lankan livelihoods. Market Opportunity and Investor Interest have a somewhat weaker positive relationship with each other.

The indices determining promotional strategy are also related positively with each other. For example, Current Strength in Sri Lanka appears to have a strong positive relationship with Current Know-how in Sri Lanka, while there is a less strong relationship between Current Strength in Sri Lanka and Hard & Soft Asset Competitiveness.

|                                       | Impact for Sri Lankan economy | Market opportunity | Investor interest (direct & indirect) | Current strength in Sri Lanka | Current know-how in Sri Lanka | Hard & soft asset competitiveness |
|---------------------------------------|-------------------------------|--------------------|---------------------------------------|-------------------------------|-------------------------------|-----------------------------------|
| Impact for Sri Lankan economy         | 1.00                          | 0.46               | 0.44                                  | -0.08                         | -0.56                         | 0.07                              |
| Market opportunity                    | 0.46                          | 1.00               | 0.26                                  | -0.07                         | -0.54                         | 0.10                              |
| Investor interest (direct & indirect) | 0.44                          | 0.26               | 1.00                                  | 0.49                          | 0.09                          | 0.19                              |
| Current strength in Sri Lanka         | -0.08                         | -0.07              | 0.49                                  | 1.00                          | 0.67                          | 0.35                              |
| Current know-how in Sri Lanka         | -0.56                         | -0.54              | 0.09                                  | 0.67                          | 1.00                          | 0.19                              |
| Hard & soft asset competitiveness     | 0.07                          | 0.10               | 0.19                                  | 0.35                          | 0.19                          | 1.00                              |

Figure 13: Correlation coefficients between the targeting indices (across full sector z-scores)

On the other hand, the three prioritization indices and three promotional indices have weak or negative relationships with each other. For example, Current Know-how index appears to have a strong negative relationship with the impact for Sri Lankan Economy Index and Market Opportunity Index, and a weak positive relationship with Investor Interest Index. There is one exception: a strong positive relationship between the Investor Interest Index and the Current Strength in Sri Lanka index. This makes sense, because businesses tend to invest when a sector is already well established.

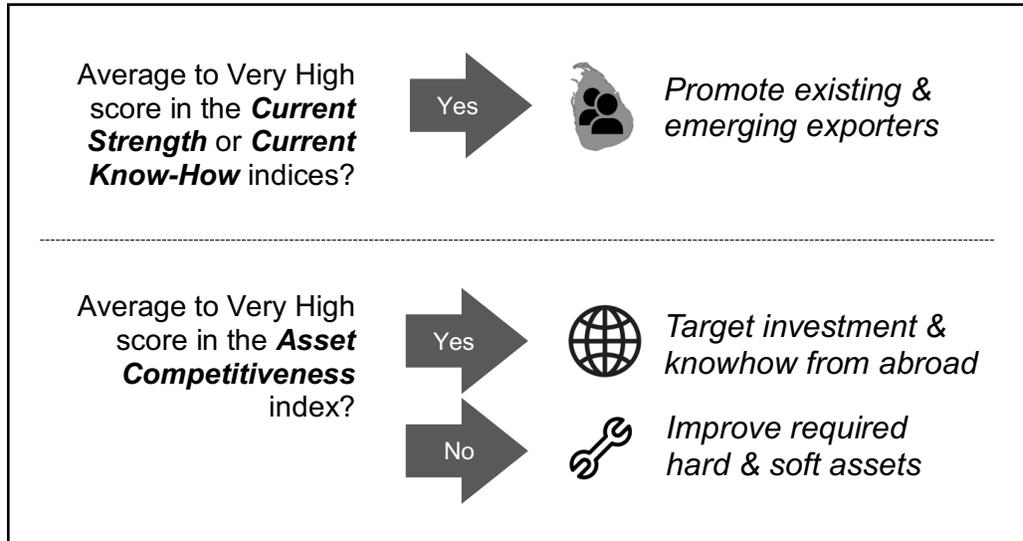
**Box 3: Relationship between the targeting indices**

**Determining sector promotion strategies**

In this context, with a view to decide the appropriate promotional strategies for the identified priority sectors, the analysis continued using the next three indices – namely, “Current Strength in Sri Lanka,” “Current Know-How in Sri Lanka,” and “Hard and Soft Asset Competitiveness.”

Figure 14 shows how these three indices are used to create promotional strategies for high-priority sectors. In the earlier cases (for sector prioritization), the indices were averaged together, since high performance in one index could offset poorer performance in another. For example, the education sector scores poorly in market opportunity, but high in its positive impact for the Sri Lankan economy; together, this gives it an average-level prioritization score. In determining the sector promotion strategies, however, cut-offs are used instead of averages. This is because the team felt that sectors should meet a minimum level of performance in order to qualify for a given strategy.

Figure 14:  
Promotional  
Strategy for  
priority sectors



The first strategy is the promotion of existing and emerging exporters. The Current Strength and Current Know-How indices are used to see whether the sector has existing players that can expand their production facilities and/or engage in joint ventures. The “average” to “very high” quintiles (in either index) are considered as the cut-off to determine the potential of a sector to use for export promotion. For example, the electricity distribution panels subsector has shown average performance in terms of both current strength and related know-how in Sri Lanka, and thus can be used for export promotion.

The next strategy considered is the targeting of investment and know-how from abroad. In terms of the Asset Competitive Index, the “average” to “very high” quintiles are again used to determine whether a particular sector qualifies for targeted investment promotion, based on the availability of its needed infrastructure and skills (Figures 11 and 12). For example, the Chemical Products sector’s Asset Competitiveness score falls within the “low” quintile, meaning that it doesn’t qualify for targeted investment promotion at the moment. Instead, Sri Lanka needs to improve its required assets (such as the costs of electricity and wastewater treatment) before promoting investments to that sector. These sectors thus are assigned to the third promotional strategy, “improve required hard and soft assets.”

At this point, each of the full sectors and subsectors will have a wealth of descriptive information available – data points from over 120 variables – which may be used to assign each sector a priority ranking and a tailored promotional strategy. The next section presents these results.

## **Part Three:**

# **Targeting results and recommendations**

## Results: index scores

Having collected the data and defined the methodology, this section describes the first results of the analysis: the six individual indices (three for prioritization, and three for promotional strategy). See Appendix B for the full set of index results, including scores for the individual subindices.

### Priority index results

As described above, the sectors were ranked based on the priority score, which is a weighted average of the “Impact for Sri Lanka,” “Market Opportunity” and “Investor Interest (Direct and Indirect)” indices. One way to visualize this weighted average is a four-quadrant graph, for both the full sectors (Figure 15) and the subsectors (Figure 16). A fourth index, Current Strength in Sri Lanka, is represented by the size of the circle – that is, sectors already enjoying strong exports, workforces and companies will have larger circles.

Thus, sectors in the top right quadrant of Figures 15 and 16 have scored well in all three priority indices. They are associated with high positive impact to the economy, and may be easiest to promote based on high market opportunities and investor interest; thus, they can be classified as the highest priority for promotion. In Figure 15, a grey oval covers the full sectors with the highest weighted averages, specifically the seven full sectors in the “high” range or better (z-score > 0.25). These are:

1. Electronics,
2. Industrial Machinery and Equipment,
3. Automotive,
4. Tourism (with Accommodation and Food Service as proxies),
5. Electrical Equipment,
6. Fabricated Metal Products, and
7. Chemical Products.

All of the above sectors have small or medium circle sizes, indicating a relatively small current presence in Sri Lanka; the one exception is Tourism, which by this measure is one of Sri Lanka’s strongest sectors today. More information on the top priority sectors can be found in the following section.

Looking at the other three quadrants is also revealing. The top left quadrant of the Figures 15 and 16 sectors that have average to high impact to the economy, but may face difficulties in attracting investors (indicated by the average or poor Market Opportunity and Investor Interest scores). One noteworthy example is Education: it is in fact the second strongest full sector in terms of its implied benefits for the economy, but one of the weakest in terms of market opportunity (i.e. potential service exports) and investor interest. The bottom-right quadrant indicates the sectors that have low impact to the economy, but may also require less special effort, as they are likely easier to promote; one example is the Food Products sector. Finally, the bottom-left quadrant contains sectors that have lower impact to the economy and lower opportunities and interest, implying that even less special attention is needed for them.

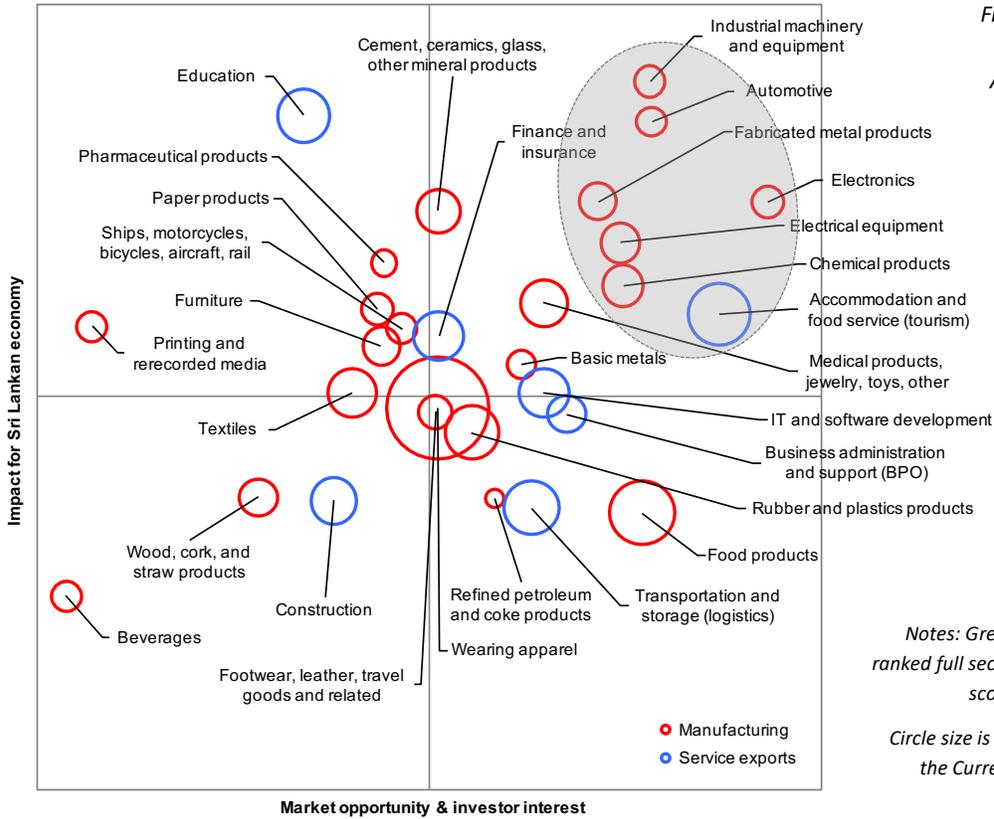


Figure 15: Outcome of Sector Prioritization Analysis - Full Sectors

Notes: Grey oval indicates highest ranked full sectors, with Priority Index scores in the "high" range.

Circle size is proportional to score in the Current Strength in SL index.

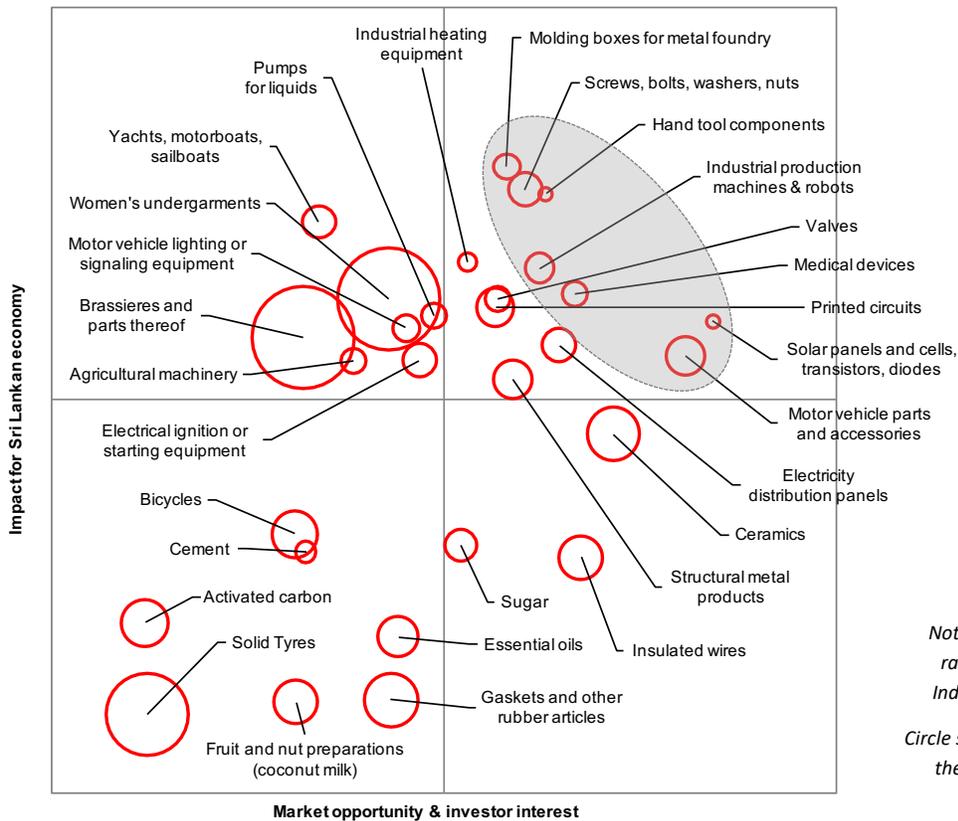


Figure 16: Outcome of Sector Prioritization Analysis - Subsectors

Note: Grey oval indicates highest ranked subsectors, with Priority Index scores in the "high" range.

Circle size is proportional to score in the Current Strength in SL index.

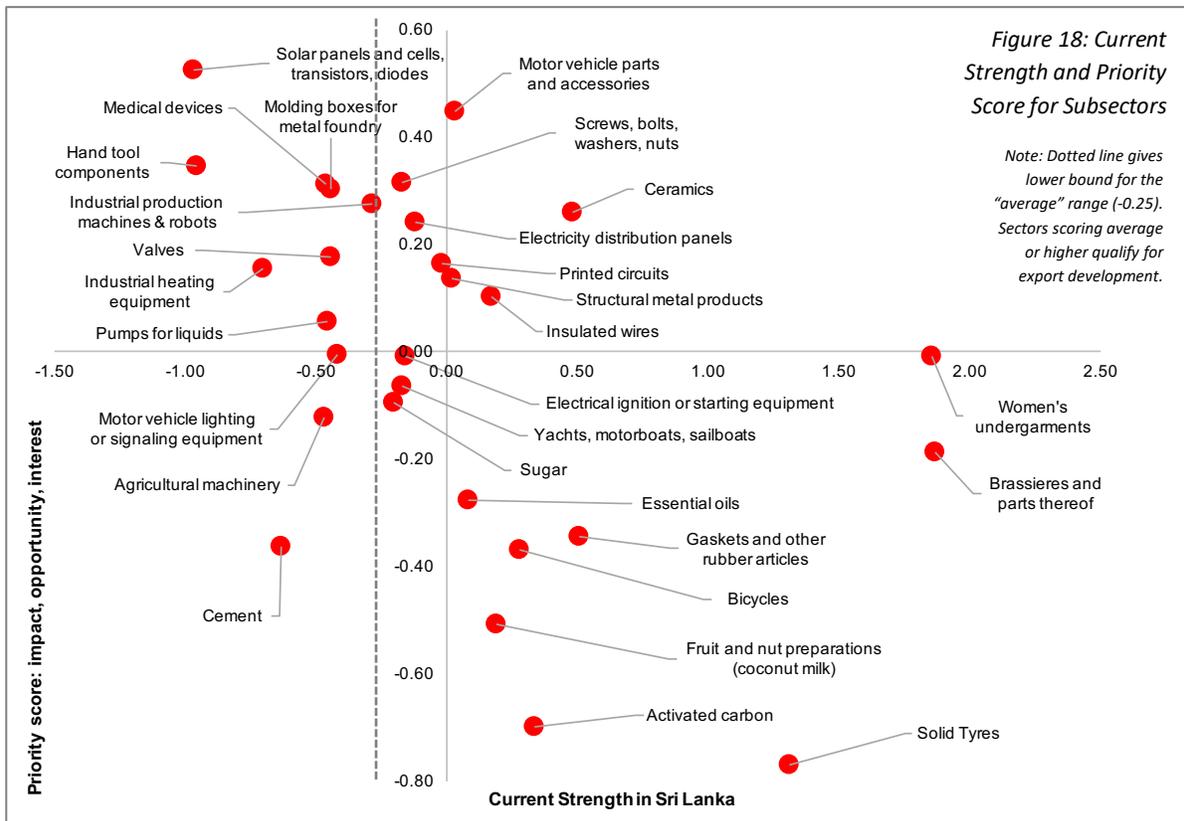
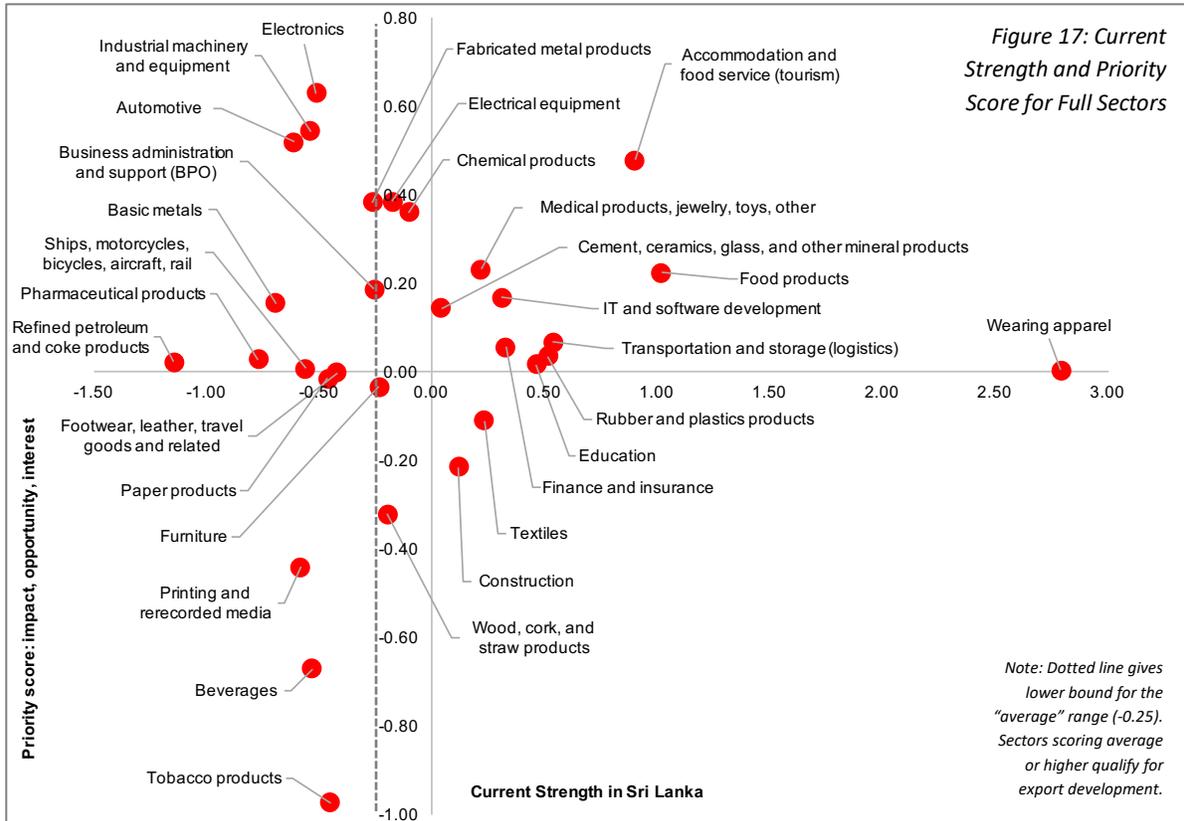
### **Promotional strategy index results**

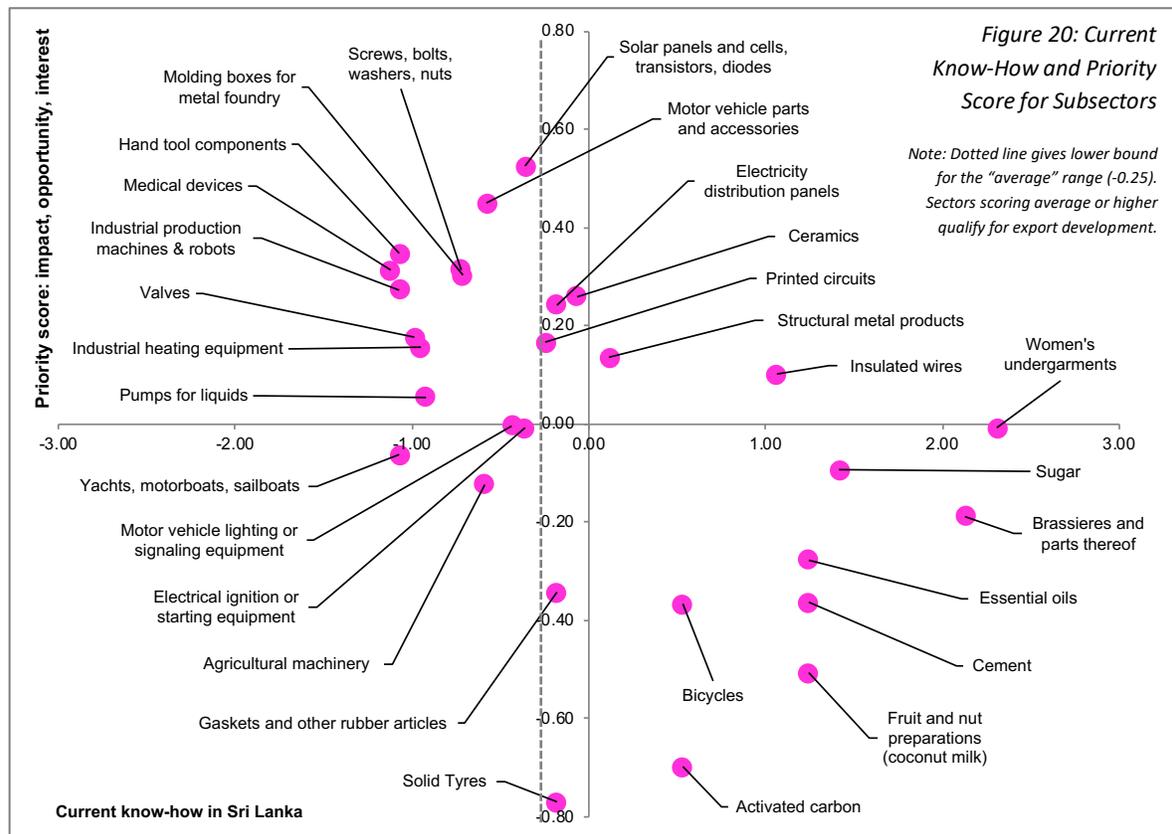
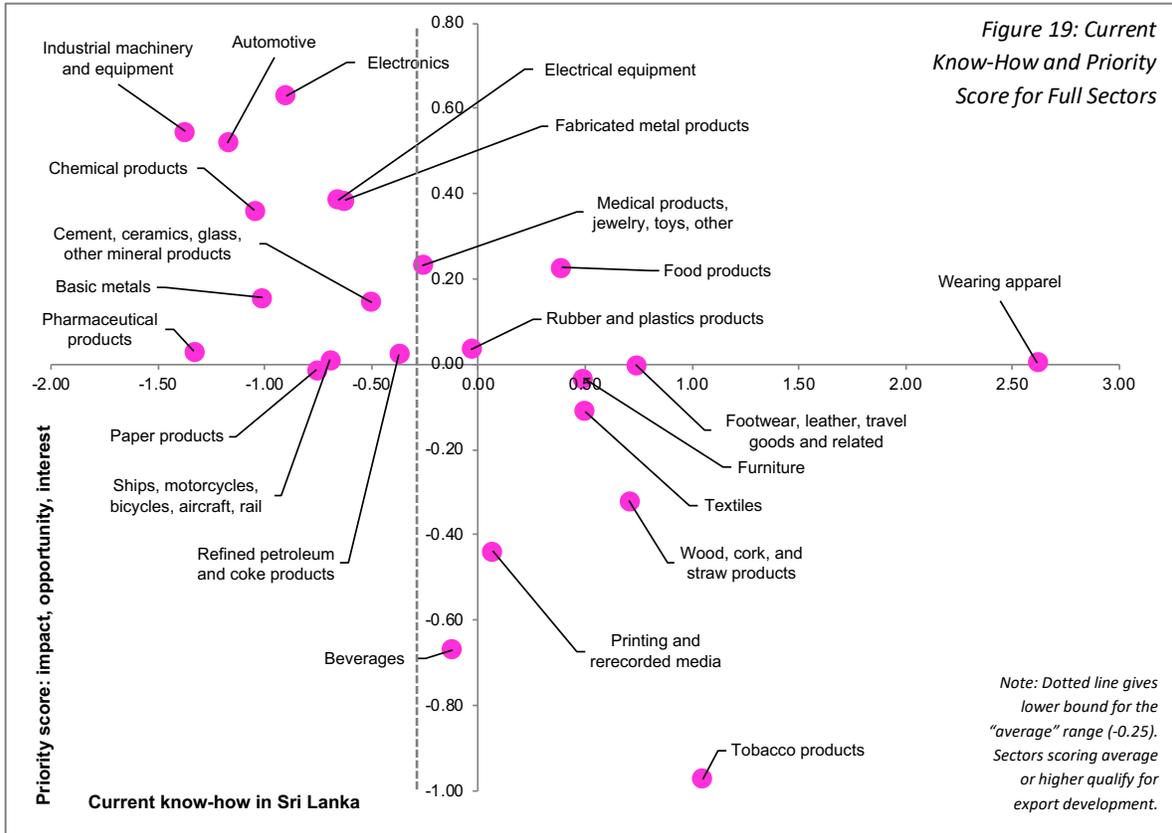
Next, the top priority sectors are assigned specific strategies for their promotion, based on the results of the three promotional strategy indices. Figures 17 (full sectors) and 18 (subsectors) compare the consolidated priority scores (measuring impact, market opportunity and investor interest) against the Current Strength in Sri Lanka index. The top-right quadrant reflects the sectors that have highest potential for both investment promotion and export development. The best example is tourism: it is a priority sector (ranking 4th), and scores well in the Current Strength Index, due to high exports (i.e. USD 2.4 billion in foreign exchange earnings in 2014), presence of employment (over 200 thousand workers), and high number of BOI companies in operation (249).

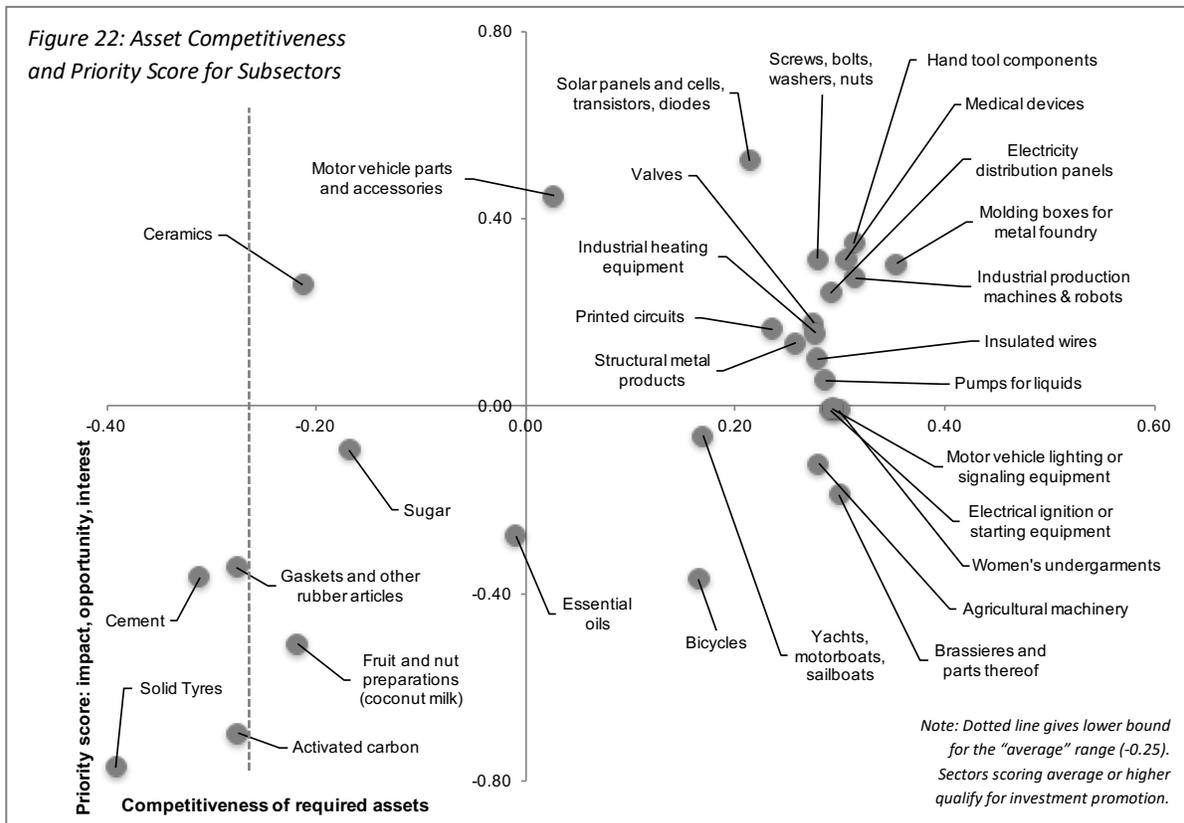
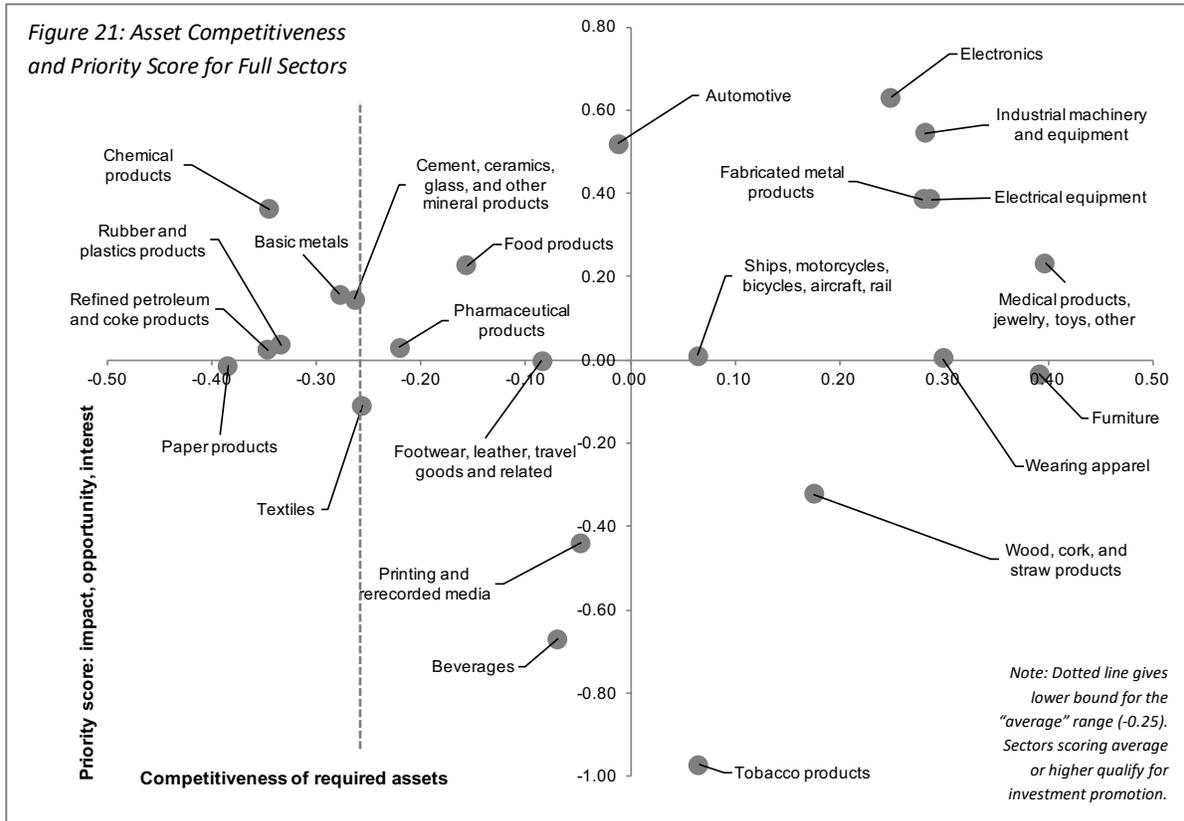
More generally, relatively few sectors are in the top-right quadrant. However, there are several additional sectors in the top-left quadrant that still fall in the “average” range in the Current Strength index (with z-scores between -0.25 and 0.25); this cut-off is represented by the dotted grey line. For these sectors, there is an emerging potential to promote exports. For example, the Electricity Distribution Panels subsector scores -0.12. This reflects relatively high export earnings (USD 28 million) and a high rate of worker training (30%), but also low or average in terms of current employment, number of consistent exporters, and number of BOI companies in operation. For the remaining top priority sectors (i.e. above zero on the y-axis but to the left of the dotted line), there is a low current presence of exporters and workers; this means that those sectors are less likely to benefit from export development strategies at the moment. Instead, Sri Lanka may need to promote new investment in these sectors, provided that they can be competitive in the world market.

There is a similar story when looking at know-how. Figures 19 (full sectors) and 20 (subsectors) show each sector’s performance in the consolidated priority score compared against its score in the Current Know-How index. Of the full sectors, only Food Products is in the top-right quadrant, fulfilling both criteria. Again, there are also some higher-priority subsectors outside of the top-right quadrant but with z-scores still in the average range (above -0.25); examples include electricity distribution panels, ceramics and printed circuits. The other high-priority sectors have scored lower in the Current Know-How index, as there are fewer existing exporters in related products. This suggests that Sri Lanka will need to get new knowhow for these sectors from other sources, such as through FDI.

Finally, Figures 21 (full sectors) and 22 (subsectors) compare the consolidated priority score against the Competitiveness of Hard and Soft Assets index. The top-right quadrant thus gives the sectors that are both high priority and competitive in terms of Sri Lanka’s ability to provide the required sector-specific assets, and the grey line delineates the cut-off for the average range of z-scores. In fact, most of the sectors fall into this area on the graphs, suggesting that most sectors can be promoted for FDI. For the balance of sectors, Sri Lanka may not be competitive in terms of the required sector-specific assets. One example is Chemical Products: it is a high-priority full sector (ranked 7th), but Sri Lanka is not competitive in its required assets. Specifically, the sector has very high requirements for waste disposal (both hazardous and non-hazardous waste) and electricity; this infrastructure is not readily available, or is very expensive. Sri Lanka must develop the required assets for these sectors before promoting them for investment.







## Results: Sector Rankings and Promotional Strategies

The following Tables 2 and 3 summarize the performance of the highest priority sectors. (See Appendix B for results covering all sectors, including the subindex scores.)

The list of priority sectors includes activities that have the capacity to attract FDI and promote exports, while also offering potential benefits to the economy. The list also includes sectors that could be thought of as long-term but important targets for the country, as they are hard to pursue (with low levels of current activity in Sri Lanka) but offer a lot of potential impact (and will contribute significantly to the economy's diversification). They could be called "innovative" sectors that Sri Lanka will only reach if significant changes are made to the investment environment that attracts novelty. Thus, it is important to look more deeply into the characteristics and requirements of different target sectors, to identify sectors that offer appeal in terms of diversification and also have some strength in Sri Lanka today.

Table 2 presents the highest priority full sectors. Of these, the top sectors (all scoring "High" in the priority index) derived were Electronics, Industrial Machinery, Automotive, Tourism, Electrical Equipment, and Fabricated Metal Products. All these sectors obtained "Average" to "Very High" scores in the impact, opportunity and investor interest indices. Out of the top 12 priority sectors, there were 9 manufacturing sectors; nearly all top full sectors involve the manufacture of light engineering products.

Next, Table 3 gives the highest priority subsectors, grouped according to their parent full sector. Nearly all of the top subsectors have "Average" to "High" scores in the impact for Sri Lankan Economy index; these sub sectors also scored "Average" to "Very High" in terms of Market Opportunity index. The top subsectors also scored "Average" to "High" in Investor Interest, with a few exceptions (Medical Devices, Valves, Heating Equipment, Pumps for Liquids and Vehicle Lighting Equipment).<sup>13</sup>

To determine suitable promotional strategies for the priority subsectors, the z-scores of Current Strength and Current know-how were considered. Seven out of top 16 subsectors qualified for export promotion (Printed Circuits, Auto Parts, Electricity Panels, Insulated Wires, Screws & Nuts, Structural Metal Products, and Ceramics) as they scored in the "Average" to "Very High" range in these indices. However, only two of the top 6 full sectors qualified; these are tourism and electrical equipment.

Based on the competitiveness of their required assets, virtually all priority sectors were determined to offer potential for FDI (other than chemical products and basic metals). Some of these sectors may be more appropriate for attracting FDI in the medium to longer term, depending on the judgement of promotional officers. In all cases, efforts should be focused on identifying and removing the constraints currently hindering the investment potential of these sectors.

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<sup>13</sup> Note that Table 3 does not contain any subsectors related to the tourism full sector. While the team was able to consider tourism as a full sector, insufficient data existed at disaggregated levels. Future studies may consider tourism subsectors, e.g. business tourism (MICE) or medical tourism.

Table 2: Index scores for top priority full sectors

| Rank /30                               | Sectors                     | Priority index scores |                      |                    |                   | Promotion index scores |                  |                  |                    |
|--|-----------------------------|-----------------------|----------------------|--------------------|-------------------|------------------------|------------------|------------------|--------------------|
|  |                             | Overall               | Impact for Sri Lanka | Market opportunity | Investor interest | Strategy               | Current strength | Current know-how | Hard & soft assets |
| <b>Top Sectors (ranked 1st to 6th)</b> |                             |                       |                      |                    |                   |                        |                  |                  |                    |
| 1                                      | Electronics                 | 0.63                  |                      |                    |                   |                        |                  |                  |                    |
| 2                                      | Industrial machinery        | 0.55                  |                      |                    |                   |                        |                  |                  |                    |
| 3                                      | Automotive                  | 0.52                  |                      |                    |                   |                        |                  |                  |                    |
| 4                                      | Tourism                     | 0.48                  |                      |                    |                   |                        |                  | n/a              |                    |
| 5                                      | Electrical equipment        | 0.39                  |                      |                    |                   |                        |                  |                  |                    |
| 6                                      | Fabricated metal products   | 0.38                  |                      |                    |                   |                        |                  |                  |                    |
| <b>Sectors ranked 7th to 12th</b>      |                             |                       |                      |                    |                   |                        |                  |                  |                    |
| 7                                      | Chemical products           | 0.36                  |                      |                    |                   |                        |                  |                  |                    |
| 8                                      | Medical, jewelry, toys      | 0.23                  |                      |                    |                   |                        |                  |                  |                    |
| 9                                      | Food products               | 0.23                  |                      |                    |                   |                        |                  |                  |                    |
| 10                                     | BPO                         | 0.19                  |                      |                    |                   |                        |                  | n/a              |                    |
| 11                                     | IT and software development | 0.17                  |                      |                    |                   |                        |                  | n/a              |                    |
| 12                                     | Basic metals                | 0.16                  |                      |                    |                   |                        |                  |                  |                    |

Scores (normal distribution quintile):

- Very high (top quintile)
- High (second quintile)
- Average (middle quintile)
- Low (fourth quintile)
- Very low (bottom quintile)

Strategies:

- Promote existing & emerging exporters
- Target investment & knowhow from abroad
- Improve required hard & soft assets

n/a: data not available

Table 3: Index scores for top priority subsectors

| Rank /29                        | Subsectors                 | Priority index scores |                      |                    |                   | Promotion index scores |                  |                  |                    |
|---------------------------------|----------------------------|-----------------------|----------------------|--------------------|-------------------|------------------------|------------------|------------------|--------------------|
|                                 |                            | Overall               | Impact for Sri Lanka | Market opportunity | Investor interest | Strategy               | Current strength | Current know-how | Hard & soft assets |
| <b>(1) Electronics</b>          |                            |                       |                      |                    |                   |                        |                  |                  |                    |
| 1                               | Solar cells & related      | 0.52                  |                      |                    |                   |                        |                  |                  |                    |
| 11                              | Printed circuits           | 0.17                  |                      |                    |                   |                        |                  |                  |                    |
| <b>(2) Industrial machinery</b> |                            |                       |                      |                    |                   |                        |                  |                  |                    |
| 7                               | Production machinery       | 0.27                  |                      |                    |                   |                        |                  |                  |                    |
| 10                              | Valves                     | 0.18                  |                      |                    |                   |                        |                  |                  |                    |
| 12                              | Heating equipment          | 0.16                  |                      |                    |                   |                        |                  |                  |                    |
| 15                              | Pumps for liquids          | 0.05                  |                      |                    |                   |                        |                  |                  |                    |
| <b>(3) Automotive</b>           |                            |                       |                      |                    |                   |                        |                  |                  |                    |
| 2                               | Auto parts                 | 0.45                  |                      |                    |                   |                        |                  |                  |                    |
| 16                              | Vehicle lighting equipment | 0.00                  |                      |                    |                   |                        |                  |                  |                    |

Scores (normal distribution quintile):

- Very high (top quintile)
- High (second quintile)
- Average (middle quintile)
- Low (fourth quintile)
- Very low (bottom quintile)

Strategies:

- Promote existing & emerging exporters
- Target investment & knowhow from abroad
- Improve required hard & soft assets
- n/a: data not available

Table 3 (continued): Index scores for top priority subsectors.

| Rank /29                             | Subsectors                   | Priority index scores |                      |                    |                   | Promotion index scores |                  |                  |                    |
|--------------------------------------|------------------------------|-----------------------|----------------------|--------------------|-------------------|------------------------|------------------|------------------|--------------------|
|                                      |                              | Overall               | Impact for Sri Lanka | Market opportunity | Investor interest | Strategy               | Current strength | Current know-how | Hard & soft assets |
| <b>(5) Electrical equipment</b>      |                              |                       |                      |                    |                   |                        |                  |                  |                    |
| 9                                    | Electricity panels           | 0.24                  |                      |                    |                   |                        |                  |                  |                    |
| 14                                   | Insulated wires              | 0.10                  |                      |                    |                   |                        |                  |                  |                    |
| <b>(6) Fabricated metal products</b> |                              |                       |                      |                    |                   |                        |                  |                  |                    |
| 3                                    | Hand tool components         | 0.35                  |                      |                    |                   |                        |                  |                  |                    |
| 4                                    | Screws, bolts, washers, nuts | 0.31                  |                      |                    |                   |                        |                  |                  |                    |
| 6                                    | Foundry equipment            | 0.30                  |                      |                    |                   |                        |                  |                  |                    |
| 13                                   | Structural metal products    | 0.13                  |                      |                    |                   |                        |                  |                  |                    |
| <b>Other sectors</b>                 |                              |                       |                      |                    |                   |                        |                  |                  |                    |
| 5                                    | Medical devices              | 0.31                  |                      |                    |                   |                        |                  |                  |                    |
| 8                                    | Ceramics                     | 0.26                  |                      |                    |                   |                        |                  |                  |                    |

Scores (normal distribution quintile):

- Very high (top quintile)
- High (second quintile)
- Average (middle quintile)
- Low (fourth quintile)
- Very low (bottom quintile)

Strategies:

- Promote existing & emerging exporters
- Target investment & knowhow from abroad
- Improve required hard & soft assets

n/a: data not available

## Results: Hard and Soft Asset Competitiveness

The previous section included the results of the Asset Competitiveness index, which evaluated sectors' appropriateness for promotion based on their required hard and soft assets. However, the assets themselves merit close attention in their own right.

Before assessing the importance of soft and hard assets to individual sectors, the study evaluated the soft and hard assets' cost competitiveness in Sri Lanka in general. The appurtenant variables were gathered from diverse set of data sources, such as JETRO, AT Kearney and the World Bank. The required benchmarking data were gathered covering nine hard assets (Industrial Land, Industrial Use water, Wastewater Treatment, Solid waste Treatment, Electricity Price, Electricity Stability, Fuel and Gas, ICT Infrastructure, Shipping and Border Administration) and three soft assets (Cost of Managers, Engineers and General Workers).

In order to assess how well Sri Lanka performs compared to its competing countries, "z-scores" for each variable were calculated (Table 4). It was revealed that Sri Lanka is very competitive in terms of many soft and hard assets, with especially high z-scores for the cost of managers, general workers and shipping. At the same time, Sri Lanka is relatively competitive in the cost of its national average wage rate, rentals for industrial parks, industrial use water, and ICT usage. However, Sri Lanka has scored below its competitors regarding national spending on R&D, indicating poorly in terms of innovation competitiveness. Assets related to waste management and energy also appeared to underperform.

The study continued by analysing the asset requirements of the top 12 full sectors (Table 5). It was found that the cost of electricity and general workers are most important for the top full sectors, followed by electricity stability, cost of industrial land, industrial-use water, managers and engineers. However, it is also noted that out of these most important assets, Sri Lanka is very competitive in terms of cost of general workers, but very poor in terms of electricity cost. Similarly, Sri Lanka is either competitive or average in the other important assets. These aspects need to be considered thoroughly in deciding how Sri Lanka should prioritize improving the assets' performance.<sup>14</sup> If the country performs poorly in the most important assets for these sectors, then highest priority should be given for policies aimed at improving them.<sup>15</sup>

The team later extended this analysis to make comparisons within Sri Lanka, adding site-specific criteria (such as land acreage) and district-level statistics (such as the unemployment rate). This helped prioritize sites for industrial zone development. A description of the exercise is found in the following section.

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<sup>14</sup> Of course, any analysis determining which assets to improve should be complemented and updated through regular dialogue with potential investors, who may have special expertise on which factors their sector requires.

<sup>15</sup> Note that these assets don't need to be improved everywhere in the country to make investment become feasible. Rather, targeted asset improvements can be made in a specific location, ideally one in which other assets are also in place to make investment in the sector feasible. This is typically done through zone or cluster initiatives (see first application case study).

Table 4: Evaluation of asset competitiveness

| How do we measure the cost or performance of the asset?                              | Value | How does Sri Lanka perform? | How does Sri Lanka compare to its competitors? | Source            |
|--|-------|-----------------------------|--|-------------------|
| <b>Hard assets</b>   |       |                             |  |                   |
| <b>Industrial land</b>   |       |                             |  |                   |
| Industrial park rent (mid-level), USD per sq. m                                      | 1.40  | 0.58                        | Competitive                                    | JETRO survey      |
| <b>Commercial space</b>  |       |                             |  |                   |
| Office rent (mid-level), USD per sq. m   | 23    | -0.52                       | Poor   | JETRO survey      |
| Office rent (Class-A in CBD), USD per sq. m  | 227   | 0.78                        | Competitive                                    | AT Kearney        |
| <b>Industrial-use water</b>  |       |                             |  |                   |
| Commercial water rate, USD/m <sup>3</sup>  | 0.43  | 0.69                        | Competitive                                    | JETRO survey      |
| <b>Wastewater treatment</b>  |       |                             |  |                   |
| Wastewater treatment rate, USD/m <sup>3</sup>  | 0.27  | -0.87                       | Very poor                                      | Various           |
| <b>Solid waste treatment</b>   |       |                             |  |                   |
| Solid waste treatment rate, USD/ton  | 30.00 | -1.09                       | Very poor                                      | Various           |
| <b>Electricity (price)</b>   |       |                             |  |                   |
| Price of electricity, US cents per kWh   | 20.1  | -1.07                       | Very poor                                      | WB Doing Business |
| Price of electricity, US cents per kWh   | 18    | -1.60                       | Very poor                                      | AT Kearney        |
| <b>Electricity (stability)</b>   |       |                             |  |                   |
| System average interruption duration index (SAIDI) (hours interrupted / year)        | 2.8   | 0.03                        | Average  | WB Doing Business |
| System average interruption frequency index (SAIFI) (number of interruptions / year) | 2.7   | -0.33                       | Poor   | WB Doing Business |
| <b>Fuel and gas</b>  |       |                             |  |                   |
| Industrial gas rate, USD per Kg  | 0.91  | -0.17                       | Average  | JETRO survey      |
| Regular gasoline price, USD per liter  | 0.82  | -0.12                       | Average  | JETRO survey      |
| Light oil price, USD per liter (regular)   | 0.72  | -0.77                       | Poor   | JETRO survey      |
| <b>ICT infrastructure</b>  |       |                             |  |                   |
| Data download speed, Kbps  | 1169  | -0.01                       | Average*                                       | WB report         |
| Price per GB data usage, USD   | 2.17  | 0.57                        | Competitive                                    | WB report         |

\*For these variables, higher values are scored as more competitive.

Table 4 (continued): Evaluation of asset competitiveness

| How do we measure the cost or performance of the asset?                | How does Sri Lanka perform? | How does Sri Lanka compare to competing countries? |                  | Source                |
|--|-----------------------------|--|------------------|-----------------------|
| Variable   | Value                       | Asset competitiveness (z-score)                    |                  |                       |
| <b>Hard assets (continued)</b>   |                             |  |                  |                       |
| <b>Shipping &amp; border administration</b>                            |                             |  |                  |                       |
| Cost of sending exports to Yokohama Japan, USD per container           | 440                         | 1.06   | Very competitive | JETRO survey          |
| Days to clear direct exports through customs                           | 7.6                         | -0.06  | Average          | WB Enterprise Surveys |
| Days to clear imports from customs (manufacturing only)                | 8.1                         | 0.37   | Competitive      | WB Enterprise Surveys |
| Domestic transport time, hours   | 6                           | 0.30   | Competitive      | WB Doing Business     |
| Domestic transport cost, USD   | 110                         | 0.83   | Competitive      | WB Doing Business     |
| Time hours required for export/import compliance, hours                | 125                         | 0.30   | Competitive      | WB Doing Business     |
| Cost of export / import compliance, USD                                | 504                         | 0.26   | Competitive      | WB Doing Business     |
| <b>Soft assets</b>   |                             |  |                  |                       |
| <b>Managers</b>  |                             |  |                  |                       |
| Middle management (annual salary and benefits), USD                    | 12,746                      | 0.89   | Very competitive | JETRO survey          |
| Middle management, non-manufacturing (annual salary and benefits), USD | 13,602                      | 0.94   | Very competitive | JETRO survey          |
| <b>Engineers</b>   |                             |  |                  |                       |
| Mid-level engineer (annual salary and benefits), USD                   | 7,856                       | 0.24   | Average          | JETRO survey          |
| <b>General workers</b>   |                             |  |                  |                       |
| Manufacturing workers (annual salary and benefits), USD                | 2,033                       | 1.63   | Very competitive | JETRO survey          |
| Non-manufacturing staff (annual salary and benefits), USD              | 5,182                       | 1.28   | Very competitive | JETRO survey          |
| National average wage (annual), USD                                    | 1,584                       | 0.59   | Competitive      | AT Kearney            |
| <b>R&amp;D use and protection</b>                                      |                             |  |                  |                       |
| National R&D expenditure, % of GDP                                     | 0.12%                       | -0.72  | Poor*            | WB WDI                |
| Perception of intellectual property protection, 1=worst, 7=best        | 4.5                         | 0.33   | Competitive*     | WEF                   |

\*For these variables, higher values are scored as more competitive.

*Table 5: Asset improvement strategy, based on competitiveness and requirement intensity*

| Hard and soft assets      | How does the asset's cost or performance in Sri Lanka compare to competing countries? |                  | How important is the asset to the top priority sectors?   |                | How should Sri Lanka prioritize improving the asset's cost or performance? |
|---------------------------|---|------------------|---|----------------|--|
|                           | Asset's competitiveness in Sri Lanka (z-score)  |                  | Asset requirement weight (average of top 12 full sectors) |                |  |
| Electricity (price)       | -1.33   | Very poor        | 1.9   | Most important | Highest priority for improvement   |
| Solid waste treatment     | -1.09   | Very poor        | 0.5   | Less important | High priority for improvement  |
| Hazardous waste treatment | -1.09   | Very poor        | 0.4   | Less important | High priority for improvement  |
| Wastewater treatment      | -0.87   | Very poor        | 0.8   | Important      | Highest priority for improvement   |
| Fuel and gas              | -0.35   | Poor             | 0.0   | Less important | Average priority for improvement   |
| R&D use and protection    | -0.19   | Average          | 0.4   | Less important | Average priority for improvement   |
| Electricity (stability)   | -0.15   | Average          | 1.1   | Important      | High priority for improvement  |
| Engineers                 | 0.24  | Average          | 1.0   | Important      | High priority for improvement  |
| Industrial land           | 0.58  | Competitive      | 1.0   | Important      | No need for cost improvements (may need increased availability)            |
| Industrial-use water      | 0.69  | Competitive      | 1.0   | Important      | No need for cost improvements (may need increased availability)            |
| Managers                  | 0.92  | Very competitive | 1.0   | Important      | No need for cost improvements (may need increased availability)            |
| General workers           | 1.17  | Very competitive | 2.0   | Most important | No need for cost improvements (may need increased availability)            |

## Next steps and lessons learned

### Applying the targeting recommendations to increase FDI and exports

It is important to stress that this exercise was conducted with clear implementation mechanisms in mind: the team's primary goal was to conduct research that would be put into practice by their colleagues in the BOI and EDB. From January to March of 2017, the team met with these colleagues, in order to explain their recommendations and the underlying methodology. There was a clear appreciation from the BOI and EDB officers to have a data-based approach for their promotional efforts, and they continued to seek guidance from the team members.

Since then, a number of noteworthy initiatives have made use of the research conducted by the team. The team members themselves adopted a new goal – identifying sites in which top-ranked sectors could locate – and developed a location-specific version of sector targeting analysis for this use. (See the first Application Case Study in the following section.) Likewise, another PDIA team developed a strategy to engage with global investors in the top priority subsectors (specifically, those mapped to FDI attraction). One of the most successful was in Solar Panels and Components, which was the number one ranking subsector. (See the second Application Case Study in the following section.) Similarly, a team of EDB officers focused on promoting the recommended existing and emerging subsectors, engaging with exporters in often-overlooked non-traditional sectors. Two more PDIA teams went further, seeking to identify and remove roadblocks facing investors in targeted sectors before they arrived.<sup>16</sup> Finally, an initiative with Sri Lanka's economic diplomats included an online training in the team's methodology, and the deployment of economic attachés to contact potential investors in priority subsectors. Altogether, the BOI, EDB and diplomatic officers contacted over 450 companies in the identified subsectors, with a number of investment applications under consideration as a result.

The team's recommendations have also been incorporated into Government strategy. The Government's "National Export Strategy," for example, uses T Team recommended sectors as a key input. The 2017-2020 Corporate Plan of the BOI also used T Team research in determining the medium term priority sectors for the BOI. Finally, the BOI and EDB have jointly created 10 new teams of dedicated officers, with each team assigned to one of the priority sectors identified by the T Team.

Other uses of the team's research are also under consideration. The team also conducted a preliminary analysis of the stakeholders and approvals associated with investment in each of the priority subsectors; this work may be used to streamline approvals in selected priority sectors. Overall, they considered 77 different line agencies, which may have influence as well as interest in investment promotion for any given sector; this suggests a significant need for interagency coordination. Likewise, the BOI is currently overhauling its processes related to investor inquiries (including through a new One-Stop Shop); data from the team could help ensure that experts are ready to handle inquiries from investors in high-priority sectors. Finally, Harvard CID has received permission from the team to apply its underlying datasets in its

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<sup>16</sup> See Andrews et al. (2017) for an account of one of these teams, the "C Team."

work outside of Sri Lanka; to date, the data has been used in research focusing on countries including Colombia, Saudi Arabia, Albania and Mexico.

### **Data not yet included**

The analysis described here was completed mainly over a three-month period. A significantly large amount of data was collected, cleaned and merged, but more can be added.

One important dimension not measured is the generation of indirect employment and income. In future work, this could be calculated using input-output matrices (which measure forward and backward linkages between industries); in fact, Sri Lankan input-output tables are available, and these could be benchmarked against similar data from peer countries. For measuring investor interest, the team had wanted to measure the number of investor inquiries for each sector (rather than investor applications), but this data was not available; they have recommended improvements in inquiry tracking to the new BOI Single Window Facilitation Taskforce (SWIFT, formerly the One-Stop Shop). The Investor Interest index could also better incorporate datasets on bilateral investment flows (i.e. which sectors tend to receive the most FDI). And while the team had measured current exports (Under the Current Strength index), they were not able to include non-exported domestic production. This is an important variable to consider, for example in initiatives aimed at encouraging first-time exporters. Such data could theoretically be obtained through National Accounts surveys. Finally, the Product Space Density variable (Know-How Index) measures the strength of existing similar sectors, yet does not differentiate why sectors might be similar to each other. In the future, sector similarity could be explained in different dimensions: similar types of workers, similar inputs and suppliers, or similar technology (e.g. patents).<sup>17</sup>

The analysis of asset competitiveness would also benefit greatly from the inclusion of additional data. First, more assets could be considered. To begin, the team had already ascertained that Sri Lanka is competitive in shipping and border administration, and of above average competitiveness in commercial space lease costs and ICT infrastructure performance, yet had not located estimates as to which sectors had the highest requirements for these assets. For this reason, those three assets were not incorporated into the final asset competitiveness index scores. For transport infrastructure, it would be particularly useful to measure which sectors require land near a port or airport (“gateway proximity”<sup>18</sup>). For soft assets, a lack of international wage data limited the number of occupations under consideration (only managers and engineers<sup>19</sup>). Similarly, the team had measured which sectors required high-skill workers (e.g. with A-Level or university degrees), but were not able to measure the relative wages of this workforce in Sri Lanka (compared to peer countries). Finally, the team had expressed interest in measuring Sri Lanka’s availability of inputs or raw materials required by each sector.

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<sup>17</sup> See Diodato, Neffke and O’Clery (2018) and Bahar et al. (2017) as examples of such a disaggregation.

<sup>18</sup> This information was included in the Asian Development Bank’s Colombo-Trinco Economic Corridor study (2016).

<sup>19</sup> Ideally, every possible occupation category would be considered (at a relatively low disaggregation), allowing for a measurement of the distance between the sector’s “occupation demand” vector and Sri Lanka’s “occupation supply” vector. This could be further supplemented with measures of “skills similarity,” which reflect the fact that some similar occupations can be interchanged.

While the team was ultimately able to find international benchmarking data for 14 categories of hard and soft assets, most of these variables measure the cost of the asset (e.g. electricity tariffs or wages). The “gold standard” of competitiveness is to measure three dimensions: affordability (price), availability (or accessibility), and quality. Applying this standard to industrial land, for example, would mean evaluating Sri Lanka according to (i) the lease price in industrial zones, (ii) the amount of land available for lease in the zones, and (iii) the quality of the available land (plot size, topography, etc.). As noted in Table 5, there are important hard and soft assets in which prices are relatively low but availability may be seriously limited.

Relatedly, the quality of some of the datasets is less than ideal. In particular, a large number come from JETRO’s annual survey of investment costs. It benefits from using a particularly appropriate subsample of firms, i.e. manufacturing FDI from a high-income, industrialised economy (Japan), but the survey is not scientific (in the sense that no assurance is given that its conclusions are representative). For other assets, namely waste management and water, figures were taken from separate surveys, which is also far from ideal. Having multiple sources of wage data in particular would have bolstered the analysis’ conclusions, as (against the teams’ expectations) Sri Lanka was found to be somewhat competitive in terms of wages, leading to an “average” or better competitiveness score for nearly all sectors.

Finally, additional data for the service sectors may be required, as services coverage was limited for some datasets used. Wherever possible, multiple variables were used for each sector criterion, such that at least one variable had service coverage. For example, two measures of R&D intensity were used – one which covered only manufacturing sectors (from the OECD), and one including both manufacturing and service sectors (from the UK Statistics Office). However, not all criteria could cover services. The Economic Complexity variables (Hausmann, Hidalgo et al., 2011), measuring implied linkage creation and implied know-how, currently do not cover trade in services; these will be available in a newer iteration. This may benefit the Logistics sector in particular, which appears to have strong linkages with many export-oriented sectors. Likewise, variables generated from Sri Lankan Customs declarations (e.g. the number of exporters) do not currently cover trade in services; these could potentially be added using service export surveys already conducted by the GoSL (e.g. number of IT exporters registered with the Information and Communication Technology Agency, or number of touristic businesses registered under the Sri Lanka Tourism Development Authority).<sup>20</sup> Overall, because of the stated gaps and issues with various data sources, some caution should be taken in interpreting the results.

### **Possible methodology changes**

It is also worth discussing possible changes to the study’s methodology.

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<sup>20</sup> Currently, missing observations are removed from consideration in the weighted average for that sector; this effectively treats missing observations as equivalent to the variable’s mean value. It may be more accurate to use a “best guess” in these cases, especially for service sectors (which have a higher number of missing observations, concentrated in certain indices).

In this analysis, the team started by selecting specific markets. Specifically, the weightages came to 45% India, 45% global, 7% local and 3% China. This reflects a strategy balancing global and regional demand (including the FTA with India). Different strategies would require different countries and weightages to be considered. Another useful approach might be to let sectors set their own optimal markets. For example, garments may be more oriented towards EU and USA, while foods may be sent to Middle East (which requires more weightage for those markets).<sup>21</sup> A similar adjustment could be made in the selection of investor and peer countries. The team selected Japan, Korea and China as likely sources of FDI (reflecting both global investment flows and future FTAs), and Vietnam, Thailand, and Malaysia as the main peer countries (based on similar past export structure), but this list could perhaps be adjusted dynamically.

Adding additional markets and investors would also invite the incorporation of additional trade and investment agreements. For example, the study currently incorporates the Indo-Lanka FTA, but it could add additional FTAs as they are finalized (starting with the newly-signed Singapore-Sri Lanka FTA). The analysis could also go beyond measuring duty-free coverage for each sector: one might also ask which sectors have tariffs that are below the MFN rates faced by other exporting countries to these markets. The BOI R&PA unit has already conducted such research, identifying products in which Sri Lanka enjoys better access to the Indian market than Japan does (thus making Sri Lanka a strategic investment location for those products). Finally, it would be important to focus on key intermediate markets, i.e. to link with global value chains (GVCs). GVCs are by no means excluded from this exercise, as the full sectors – including electronics, electrical, automotive, and machinery – already include intermediate products which would link to GVCs. That said, in future studies the role of GVCs in these sectors could be highlighted more directly.

### **Possible extensions and next steps**

As described in the methodology section, this analysis covers all tradable sectors (including service exports) at a high aggregation level (30 total “full sector” categories). At a more disaggregated level, however, there are still many possible new subsectors to be added. Officers from the BOI and EDB are already prepared to add more, and officers from the Ministry of Primary Industries recently engaged in a related exercise: examining export opportunities in the agriculture and fisheries sectors (Kapukotuwa, O'Brien and Stock, 2018). An analysis of the collected datasets might also suggest the “most promising” subsectors that merit further study.

It is also possible to extend the scope of the exercise. One direction would be to use data to create more specific promotional strategies. For example, for sectors with the recommendation to “work with existing and emerging exporters,” analysis could identify the associated set of Sri Lankan companies (including ones working in related subsectors), and recommend possible strategic markets and foreign joint venture

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<sup>21</sup> Sometimes, the optimal market may be Sri Lanka itself. For example, the textiles and cement sectors enjoy strong local demand (in the “very high” range), reflecting the reliance on imported materials by the garments and construction sectors, respectively. Thus, these sectors would have scored more favorably had the team placed a higher weightage on the “local market demand” subindex.

partners. Likewise, GVC analysis could be used to identify the sector's most promising intermediate production segments to target – i.e. thinking of multinational manufacturers as markets.

Finally, it may be worthwhile to repeat this exercise periodically, perhaps every two to three years. The world changes (and more datasets become available), as do the promotional priorities of the government and its officers. Repeating and expanding the analysis might also serve as a useful exercise to train the next cohort of officers in data-based policy. This could include the participation of officers in agencies beyond the BOI and EDB, as there are many other agencies seeking to set their own sector priorities.

## **Conclusions**

This study was the first of this kind in over two decades at the BOI.<sup>22</sup> In the past, sector-specific investment incentives had been granted, but not necessarily justified based on quantitative analysis. This study is also unique globally in its diversity of sector-level data sources, combining international trade data, firm-level exporter data, labour force statistics, industry surveys and more.

This data-driven approach has yielded interesting, often unexpected results. For example, Sri Lanka's conventional sectors – wearing apparel and solid tyres – scored lower, while newer sectors like electronics and electrical equipment came out on top. In fact, the highest scoring subsector was solar panels and solar components, due to its very high regional and global demand, and very high potential investor interest (based on the export performance in similar economies).

This analysis indicates that these are important areas to investigate for policy targeting, given that some capabilities already exist in the sectors and they offer a lot to the economy. The data referenced in this targeting mechanism shows that it is important to tailor targeting strategies for each of these sectors, however. For example, a strategy for attracting investment in Tourism could tap into existing market demand and investor interest in the sector, whereas a strategy to promote Education would need to cultivate such interest (which appears low today). This has significant importance when policymakers are short-listing potential targets and thinking about the kind of land, services, skills, and other needs that an industry requires.

Sri Lanka cannot simply wait for investors to knock at its doors. Nor can it expect that investors will have identified the most promising sectors. Instead, the country must make a shift towards proactive investment and export promotion. This study represents the first step: identifying which sectors are promising (and why). It is crucial to identify those sectors' top anchor investors and domestic exporters and persuade them to invest in Sri Lanka. This work has already started, and has already yielded promising results. In parallel, it is imperative that the investment environment is improved, with special attention to the identified sectors. Only then will Sri Lanka reap the full benefits of a new export-oriented growth trajectory.

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<sup>22</sup> The most recent study at the BOI (1996) was conducted by the American consultancy "The Services Group."

## Application case study: Evaluating potential sites for new industrial zones

Through the comprehensive analysis conducted, the Targeting Team was capable of identifying priority sectors for attracting investment and enhancing the exports of Sri Lanka. The next task was to identify suitable lands for establishing factories in these sectors, especially given that over 89% of the Export Processing Zones (EPZs) of the BOI are already filled. Since limited access to productive land for the potential Investors can be considered as one of the most important limiting factors to attract investments, due consideration should be given to resolving land issues prior to marketing priority sectors to the investor. (The current procedure has the investor directly sort out matters with the relevant agencies, which itself is a deterrent.)

Having identified the problem, the Land Team<sup>23</sup> began gathering information on available lands for investment projects. It was noted that the state owns over 80% of land in Sri Lanka, though this ownership is spread over at least ten different Ministries and Departments. The team met with many of these bodies, ultimately creating a database of over 600 available lands from the Land Use Policy Planning Department, Land Reform Commission, Urban Development Authority, Sri Lanka Railway Department, Road Development Authority, BOI Land Bank, and Prime Minister’s Office (Figure 23).

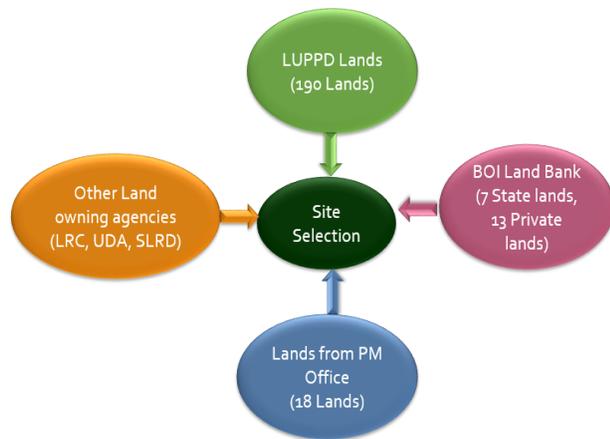


Figure 23: Lands from multiple GoSL bodies considered

The list of over 600 sites was then restricted to those with more than 50 hectares in extent (with later work focusing on the smaller sites). Next, an assessment based on satellite imagery (Google Maps) was conducted to determine each land’s suitability for further investigations. Based on this assessment, over 70 field visits were conducted to gather field data for final assessment. This field data, as well as sector expertise, formed the inputs for the analysis of land suitability for target sectors, conducted according to a sector-location methodology developed by the Team (Figure 24).



Figure 24: Stages of the site evaluation and selection process

**Assessing the Sector Requirements**

A Sector-Location Methodology was developed to assess the suitability of the lands for an investment in a priority sector. First, the hard and soft asset requirements for each priority sector were obtained from the Targeting Team asset competitiveness analysis, in which sectors with a higher requirement for a land characteristic received a higher weightage. However, the Team also added new land characteristics that were required equally by all sectors, such as topography and development cost.<sup>24</sup> Accordingly, an overall weightage was given to each land characteristic; these fell into four categories: hard asset availability (45% of total weightage), soft asset availability (18%), general conditions (14%), and accessibility (13%).

**Assessing the Land Characteristics**

Next, a set of scoring criteria was developed for each land characteristic, seen in Table 6. Each site was assigned a score between 1 to 5, considering field-level observations, available district-level data (for labour characteristics), and expertise of the Team members. For example, if a particular land is more than 400 acres in extent, then a score of 5 was assigned, whereas a land with 75 acres or less was given a score of 1. This matrix was filled for each land identified for the assessment (Table 7), which included existing BOI Zones as well.

*Table 6: Site scoring criteria used*

| Parameter                       | Scoring Criteria                |                         |                              |
|---------------------------------|---------------------------------|-------------------------|------------------------------|
|                                 | 5                               | 3                       | 1                            |
| <b>Hard Assets Availability</b> |                                 |                         |                              |
| Industrial Land Intensity       | >400 acres                      | 200 acres               | 75 Acres                     |
| Industrial-use water            | 8000m <sup>3</sup> /d or above  | 4500m <sup>3</sup> /d   | <100m <sup>3</sup> /d        |
| Wastewater treatment            | 6400 m <sup>3</sup> /d or above | 3600m <sup>3</sup> /day | <80 m <sup>3</sup> /d        |
| Solid waste treatment           | >50 MT/d                        | 30 MT/d                 | 10MT/d                       |
| Hazardous waste treatment       | >40 MT/d                        | 30 MT/d                 | 10MT/d                       |
| Electricity supply              | >50KVA                          | 30 KVA                  | 10 KVA                       |
| Electricity stability           | <20 Disturbance/year            | 100 disturbances /year  | >200 Disturbance/year        |
| <b>Soft Assets Availability</b> |                                 |                         |                              |
| Skilled Employees               | more than double national rate  | same as national rate,  | less than half national rate |
| General Employees               | more than double national rate  | same as national rate,  | less than half national rate |
| <b>General Conditions</b>       |                                 |                         |                              |
| Land Topography                 | Flat                            | Slightly Undulating     | Undulating                   |
| Flooding Landslides             | No Flood                        |                         | High Flood                   |
| Landslides                      | No Land Slides                  |                         | High Land Slides             |
| Relocation and Resettlement     | No Relocation                   |                         | High Relocation              |
| Development Cost                | Low Development Cost            |                         | High Development Cost        |
| <b>Accessibility</b>            |                                 |                         |                              |
| Road                            | A Grade Road                    | B Grade Road            | C Grade Road                 |
| Distance to Railway Line        | Less than 1 Km                  | 12 km                   | More than 25Km               |
| Distance to Colombo Port        | Less than 50 Km                 |                         | More than 200 Km             |

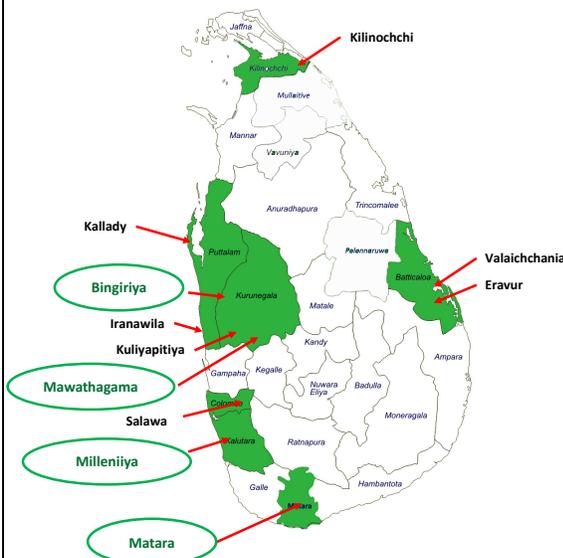
| Overall importance of each asset    | District                  | Colombo | Colombo | Colombo | Kurunegala   | Kurunegala            | Kurunegala      |
|-------------------------------------|---------------------------|---------|---------|---------|--------------|-----------------------|-----------------|
|                                     | Site                      | Salawa  | Elston  | Penrith | German watta | Gorakagasa gara Watta | Kowulwewa Watta |
| <b>45% Hard Assets Availability</b> |                           |         |         |         |              |                       |                 |
| 1.5                                 | Industrial Land Intensity | 5       | 5       | 5       | 2            | 3                     | 2               |
| 1                                   | Industrial-use water      | 5       | 3       | 5       | 1            | 1                     | 1               |
| 0.75                                | Wastewater treatment      | 5       | 3       | 5       | 1            | 1                     | 1               |
| 0.5                                 | Solid waste treatment     | 3       | 3       | 3       | 3            | 3                     | 3               |
| 0.33                                | Hazardous waste treatm    | 1       | 1       | 1       | 1            | 1                     | 1               |
| 2.5                                 | Electricity supply        | 5       | 5       | 5       | 5            | 5                     | 5               |
| 1                                   | Electricity stability     | 5       | 5       | 5       | 4            | 4                     | 4               |
| <b>18% Soft Assets Availability</b> |                           |         |         |         |              |                       |                 |
| 1                                   | Skilled Employees         | 4       | 4       | 4       | 4            | 4                     | 4               |
| 2                                   | General Employees         | 2       | 2       | 2       | 2            | 2                     | 2               |
| <b>24% General Conditions</b>       |                           |         |         |         |              |                       |                 |
| 1                                   | Topography                | 5       | 1       | 1       | 5            | 5                     | 5               |
| 0.5                                 | Flooding                  | 5       | 5       | 5       | 5            | 5                     | 5               |
| 0.5                                 | Landslides                | 5       | 1       | 1       | 5            | 5                     | 5               |
| 1                                   | Relocation and Resettle   | 3       | 1       | 1       | 4            | 4                     | 4               |
| 1                                   | Development Cost          | 2       | 1       | 1       | 2            | 2                     | 2               |
| <b>13% Accessibility</b>            |                           |         |         |         |              |                       |                 |
| 1                                   | Road                      | 5       | 5       | 5       | 2            | 2                     | 2               |
| 0.25                                | Distance to Railway Line  | 4       | 4       | 4       | 3            | 3                     | 3               |
| 1                                   | Distance to Colombo Por   | 5       | 5       | 5       | 3            | 3                     | 3               |

*Table 7: Examples of scores allocated for six lands*

Then the two matrices – land characteristics and sector requirement – were multiplied to generate a final scoring for each land for each sector. The scoring was between 1 and 5: a score of 5 signals that the land is a perfect match for the sector in terms of the land characteristics the sector requires; scores under 3 were taken to mean that the land is not suitable for the sector. The average score of each land for the T Team’s top 12 full sectors were calculated. Based on this analysis, 29 sites with an average scoring value above 3 were identified and were prioritized.

**The Outcome**

Out of the prioritized lands, the top-ranking locations were recommended for development into EPZs (Figure 25). A separate detailed report focusing on the list of lands given by the Prime Minister’s Office was also submitted, prioritizing the suitability of those lands for investment projects. Ultimately, the 2018 Budget allocated funding for zones, and development is underway in four identified sites so far (including one as a PPP).



*Figure 25: Locations of lands in development (green) and other top-ranked lands (black)*

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<sup>23</sup> The Land Team consists of nine BOI officers with diverse expertise, representing multiple departments of the BOI: Engineering Approvals, Environment Management, Project Implementation, Technical Services, Legal, Investment Appraisal, Research & Policy Advocacy, and Zone Management. The officers are: Upali Senarath, Ranjan Sibera, Sujani Pilapitiya, Priyanka Samaraweera, Lalith Katugampalage, Nalini Egodawatte, Sukumary Niranjana, Tharaka Jayawardena & Marlon Perera.

<sup>24</sup> The team also evaluated lands based on their accessibility, such as distance to Colombo Port. This would be a requirement for some sectors more so than others (e.g. perishable food items). However, the team was not able to measure sector-specific accessibility requirements. As such, the sector weightages are equal for these variables.

## Application case study: Attracting anchor investors in solar manufacturing<sup>25</sup>

As per T Team findings on sector targeting, Solar Panel Manufacturing was identified as a potential sector for investment in Sri Lanka. The “I Team,” consisting of dedicated officers for investment promotion,<sup>26</sup> was assigned to promote Sri Lanka as an attractive destination for this and other priority sectors, and attract key “anchor investors.” The timeframe given for this task was period of one year.

Solar Panel Manufacturing would be a pioneer sector for Sri Lanka. There were no existing manufacturers in the country except one player who was under construction status. Thus, this was a new technology for the country, unfamiliar to Sri Lanka’s workers, suppliers and government bodies. This formed a challenge for the I Team, but with trainings from Harvard researchers, the team crafted a four-step strategic approach (Figure 26), combining existing BOI investment promotion methods with a more proactive targeting of key sectors, countries and companies.

### 1. Identification of sectors

The I Team began their consideration of sectors to be promoted based on their understanding and experience; this was coupled with the technical sector targeting mechanism of the T Team. As a result, “Solar Panel Manufacturing” was selected as one of five subsectors to be promoted for investment.

### 2. Understanding the sector

The I Team strongly believed that, prior to approaching investors, the team should understand the sector very well. The team started with desk research to gather information with regard to the global and local scenarios of the solar panel manufacturing sector. Subsequently, they arranged meetings with sector experts, professionals, university academics, relevant ministries, and others.

Figure 26:  
Strategic  
Approach of I  
Team in Investor  
Engagement



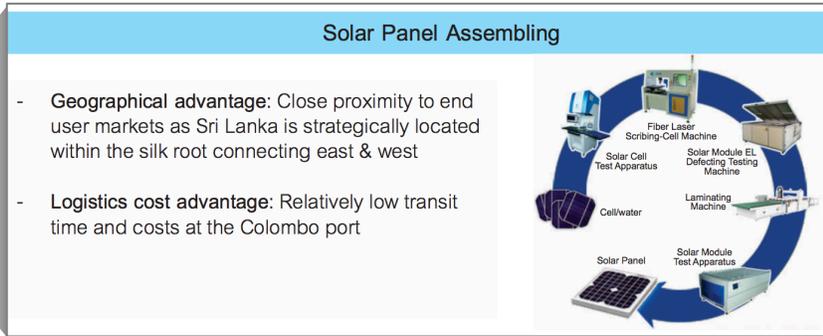


Figure 27: Excerpt from I Team Pitch Book for Solar Panel sector investment

In addition, the team visited a small-scale solar panel assembling plant, gaining an initial understanding of the manufacturing process. All these activities made the team knowledgeable in the field of solar panel manufacturing. Soon, they were confident enough to engage with investors, and could begin to identify target companies to be attracted.

### 3. Promotional Materials

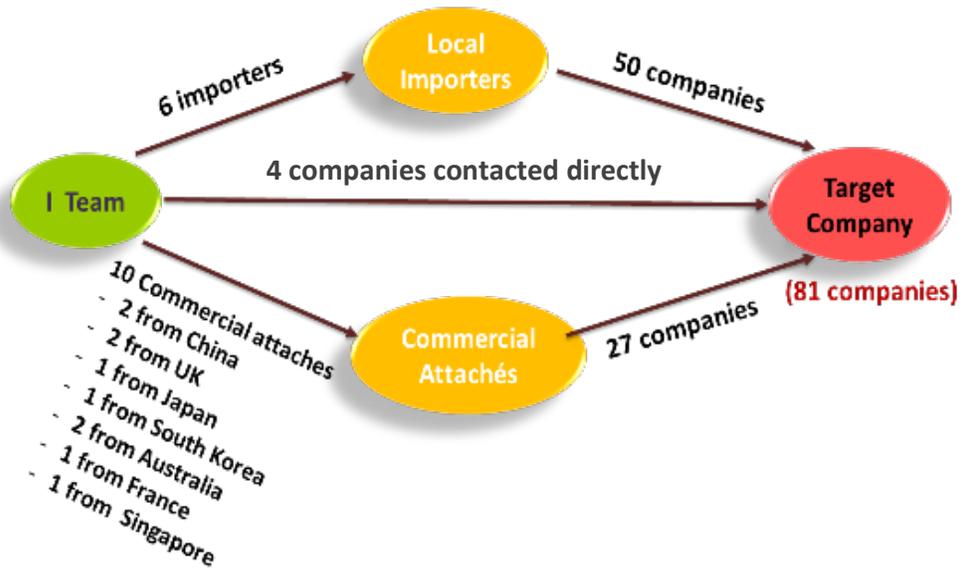
With the understanding of the sector, the team prepared a “pitch book” which could be used as a promotional material at the time of engaging with investors (Figure 27). This pitch book consisted of sector-specific positive factors given in an attractive and summarized manner, which could build a positive first impression of Sri Lanka as a preferred destination for investment. The next step taken was to prepare a “Market Study Report” with detailed information on the Solar Panel Manufacturing sector, which could be distributed among the potential investors.

### 4. Building Networks and Engaging with Investors

The final step of the I Team was building a network for direct and indirect engagement with investors. Several contact nodes were identified to engage with target investors such as commercial attaches, business councils, importers, associations, chambers, international gatherings, and others (Figure 28).

One company, a top Chinese solar manufacturer, was among the top of the target companies of the I Team for the Solar Panel Manufacturing sector. The company had done its initial feasibility studies and visited Sri Lanka to investigate the potential for establishing a solar panel assembling plant there. Its executives met with the top management of BOI along with the I Team members. The I Team received the opportunity to deliver knowledge gathered through their four-step strategic approach and convince them to submit a solid proposal for investment in Sri Lanka. The team arranged a site visit to Mirigama Export Processing Zone (MEPZ), and the company selected MEPZ as their preferred location for the investment project.

Figure 28:  
Building networks to engage with potential anchor investors



The investment proposal consisted of the details of the planned project along with requested policy changes. The I Team immediately acted on these requests, and submitted a policy paper for Cabinet Committee on Economic Management (CCEM), chaired by the Honourable Prime Minister. The CCEM granted approval for all the recommendations made, and the investor is now in the process of initiating the investment project in Sri Lanka.

In addition to this investor, there are other solar companies in the queue, from expressions of interest to pre-application. Most importantly, there now exist officers at the BOI with expertise in proactive targeting and engagement of top solar investors (and in other key sectors).

<sup>25</sup> This section was authored by Ganga Palakatiya.

<sup>26</sup> Investor Engagement Team (I Team) Members were officers from the BOI Sri Lanka. These officers were: L K D Lawrance, Nelson Kumaratunga, Dilip Samarasinghe, Vipula Jayasinge, Ganga Palakatiya, Dhammika Basnayake, Krishnatha Britto, Indunil Perera, Hemadree Naotunna, and Rushda Niyas. For a full account of the I-Team's experience, see Andrews et al. (2017).

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## Data sources

This exercise collected variables from a large number of datasets and studies, reflecting the wide range of sector performance criteria that the team sought to quantify. Table 8 summarizes these data sources.

| Organization                                       | Dataset                                  | Topics covered                            | Years covered |
|--|--|---|---------------|
| <b>Sector performance sources</b>                  |  |   |               |
| Board of Investment (SL)                           | Investment Management Information System | Investment applications & locations in SL | 2017          |
| Board of Investment (SL)                           | Research & Policy Advocacy analysis      | India and Japan trade regime analysis     | 2017          |
| Board of Investment (SL)                           | Technical Services analysis              | Energy, land, waste & water intensity     | 2017          |
| Customs (SL)                                       | Export declarations                      | Sri Lankan exporters                      | 2013-16       |
| Dept. of Census & Statistics (SL)                  | Economic Census                          | Sri Lankan companies                      | 2013-14       |
| Dept. of Census & Statistics (SL)                  | Labour Force Surveys                     | Sri Lankan workers                        | 2013-14       |
| Dept. of Census & Statistics (SL)                  | National Accounts                        | Value addition in Sri Lanka               | 2014          |
| UN Statistics Division                             | COMTRADE, via CID and CEPII              | Trade in goods                            | 2015          |
| UN Statistics Division                             | COMTRADE                                 | Trade in services                         | 2014          |
| UNIDO  | Indstat 2013                             | Wages, labour intensity                   | 2006-10       |
| UNIDO  | Energy Statistics for Economic Analysis  | Energy intensity                          | 2010          |
| OECD   | ISIC Technology Intensity Definition     | Innovation intensity                      | 1999          |
| Office for National Statistics (UK)                | R&D in UK Businesses                     | Innovation intensity                      | 2011-13       |
| Bureau of Economic Analysis (US)                   | NIPA tables, via Palacios (2013)         | Labour intensity                          | 1947-97       |
| Bureau of Labor Statistics (US)                    | Occupational Employment Statistics       | Wages, education, occupations             | 2016          |
| <b>Country competitiveness performance sources</b> |  |   |               |
| JETRO  | Asia-Pacific Investment Cost Survey      | Factor costs                              | 2015-16       |
| World Bank Group                                   | Enterprise Surveys                       | Infrastructure performance                | various       |
| World Bank Group                                   | Doing Business Indicators                | Infrastructure performance                | 2016          |
| World Bank Group                                   | World Development Indicators             | Innovation performance                    | various       |
| World Economic Forum                               | Global Competitiveness Index             | Innovation performance                    | 2015-16       |
| AT Kearney   | Global Services Location Index           | Factor costs                              | 2011          |
| Various sources                                    | Country-specific studies and reports     | Other cost & performance comparisons      | various       |

Table 8: Overview of datasets and sources used in sector targeting exercise

## **Appendix A:**

# **Sector scorecards**

## Guide to the sector scorecards

The first page of the sector scorecards gives a snapshot of the sector’s overall performance. The scores here are based on the data points given in the following page.

The scores given here are z-scores, which compare the performance of the sector with the performance of all sectors.

These scores can be interpreted as falling into five quintiles: from less than -0.85 (“very low”) to more than 0.85 (“very high”), with scores between -0.25 to 0.25 denoting the “average” quintile.

The first component is sector prioritization. Sectors with high prioritization scores are the most promising for promoting investment. The score is calculated using three indices measuring positive impact to the economy, market opportunity and investor interest.

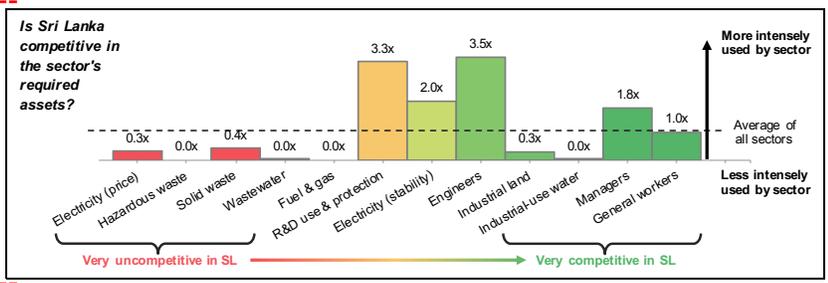
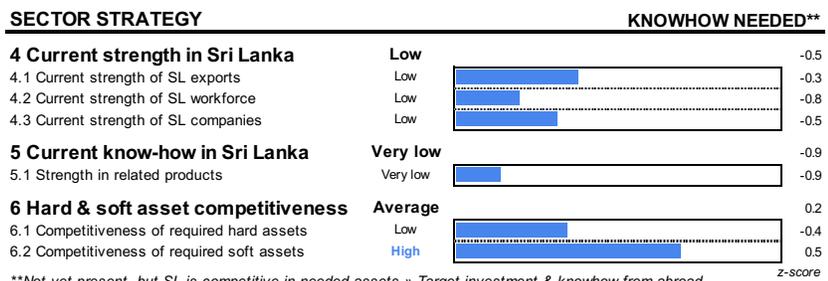
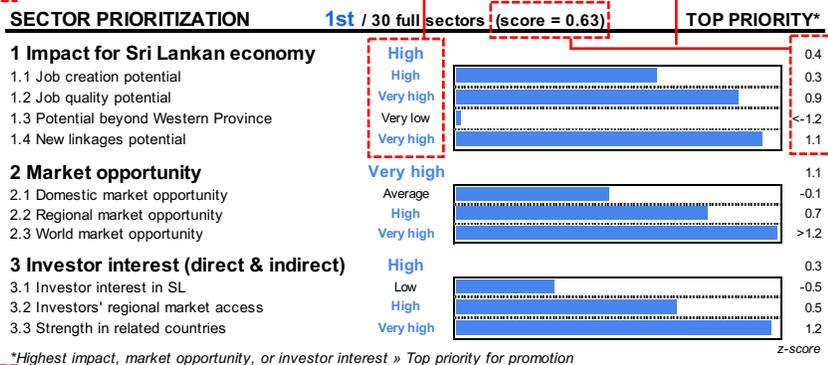
The next component sets strategies for the promotion of high-priority sectors. These are determined using 3 indices measuring how well the sector is doing in Sri Lanka today. Depending on the scores, a sector may be recommended for export development, investment promotion, or hard and soft asset improvements.

This graph explains a sector’s potential competitiveness in Sri Lanka.

The height of the columns represents the sector’s requirement of each asset. e.g. when considering engineers, the electronic sector’s requirement is 3.5 times higher than average.

The colours given range from red (less competitive in Sri Lanka) to green (very competitive) based on the analysis of regional cost competitiveness. e.g. wages for managers in Colombo are lower than those in Kuala Lumpur and other peer cities.

| Electronics                       |         | Full sector                                |       |
|-----------------------------------|---------|--|-------|
| <b>Key statistics (2015-2016)</b> |         |  |       |
| Exports from Sri Lanka (USD mn)   | 149.0   | Major exporters (over USD 1mn for 3 years) | 6     |
| Imports from Sri Lanka (USD mn)   | 779.2   | BOI companies in operation                 | 12    |
| World market (USD bn)             | 2,328.3 | Employment in Sri Lanka                    | 3,733 |



The second page of the sector scorecards gives the real values for each variable. These are used to calculate the priority and promotional indices found in the first page.

## Electronics

|  | value   | z-score   | quintile |
|--|---------|-----------|----------|
| <b>Index 1: Impact for SL economy</b>  |         |           |          |
| <b>1.1 Job creation potential</b>  |         |           |          |
| Jobs per value added (SL; per Rs mn)   | 0.80    | Average   |          |
| Jobs per value added (peers; z-score)  | -0.45   | Average   |          |
| Wages per value added (USA)  | 78%     | Very high |          |
| <b>1.2 Job quality potential</b>   |         |           |          |
| Average wage rate (SL; Rs per hour)  | 81      | Low       |          |
| Average wage rate (peers; z-score)   | 0.42    | Average   |          |
| Average wage rate (USA; USD per year)  | 76,727  | Very high |          |
| Employment for youth (in SL)   | 51%     | Very high |          |
| Employment for women (in SL)   | 40%     | High      |          |
| <b>1.3 Potential beyond Western Province</b>   |         |           |          |
| BOI projects beyond Western Prov.  | 5%      | Low       |          |
| Employment beyond Western Prov.  | 6%      | Very low  |          |
| <b>1.4 New linkages potential</b>  |         |           |          |
| Opportunity Gain index (z-score)   | 1.12    | Very high |          |
| <b>Index 2: Market opportunity</b>   |         |           |          |
| <b>2.1 Domestic market opportunity</b>   |         |           |          |
| Imports in SL (current, USD mn)  | 779     | High      |          |
| Imports in SL (vs global per capita)   | 12%     | Low       |          |
| Imports in SL (3-year increase, USD mn)  | -1      | Very low  |          |
| <b>2.2 Regional market opportunity</b>   |         |           |          |
| Imports in India (current, USD mn)   | 31,484  | Very high |          |
| Imports in India (vs global per capita)  | 7%      | Average   |          |
| Imports in India (3-year increase, USD mn)   | +2,719  | Very high |          |
| Coverage under ISFTA   | 100%    | High      |          |
| Imports in China (current, USD mn)   | 280,631 | Very high |          |
| Imports in China (vs global per capita)  | 63%     | High      |          |
| <b>2.3 World market opportunity</b>  |         |           |          |
| Imports globally (current, USD bn)   | 2,328.3 | Very high |          |
| Imports globally (3-year increase, USD bn)   | +234.8  | Very high |          |
| <b>Index 3: Investor interest (direct and indirect)</b>  |         |           |          |
| <b>3.1 Investor interest in SL</b>   |         |           |          |
| Recent investor applications   | 3       | Low       |          |
| New exporters in SL (>10k USD)   | 47      | Low       |          |
| New exporters in SL (>100k USD)  | 16      | Low       |          |
| Rate of new vs. consistent exporters   | 1.5     | Average   |          |
| <b>3.2 Investors' regional market access</b>   |         |           |          |
| China's share of Indian market   | 48%     | Very high |          |
| Japan's share of Indian market   | 2%      | Average   |          |
| Korea's share of Indian market   | 6%      | High      |          |
| <b>3.3 Strength in related countries</b>   |         |           |          |
| Exports from peers (vs global per capita)  | 469%    | Very high |          |
| Exports from India (vs global per capita)  | 1%      | Low       |          |
| Exports from China (vs global per capita)  | 173%    | Very high |          |
| <b>Index 4: Current strength in Sri Lanka</b>  |         |           |          |
| <b>4.1 Current strength of SL exports</b>  |         |           |          |
| Exports from SL (current, USD mn)  | 149.0   | Average   |          |
| Exports from SL (vs global per capita)   | 2.2%    | Low       |          |
| SL's share of Indian market  | 0.10%   | Low       |          |
| <b>4.2 Current strength of SL workforce</b>  |         |           |          |
| Current employment in SL   | 3,733   | Very low  |          |
| Worker training in SL  | 30%     | High      |          |
| <b>4.3 Current strength of SL companies</b>  |         |           |          |
| Consistent exporters in SL (>100k USD)   | 11      | Low       |          |
| Consistent exporters in SL (>1mn USD)  | 6       | Low       |          |
| Consistent exporters in SL (>10mn USD)   | 1       | Low       |          |
| BOI companies in operation   | 12      | Low       |          |
| <b>Index 5: Current know-how in Sri Lanka</b>  |         |           |          |
| <b>5.1 Strength in related products</b>  |         |           |          |
| Product Space density index (z-score)  | -0.90   | Very low  |          |
| <b>Index 6: Hard and soft asset requirements</b>   |         |           |          |
| <b>6.1 Hard asset requirements</b>   |         |           |          |
| Industrial land use (BOI estimate)   |         | 0.3x avg  |          |
| Energy use (UNIDO estimate)  |         | 0.3x avg  |          |
| Energy use (BOI estimate)  |         | 0.3x avg  |          |
| Electricity stability required (BOI estimate)  |         | 2.0x avg  |          |
| Fuel or gas use (BOI estimate)   |         | 0.0x avg  |          |
| Industrial water use (BOI estimate)  |         | 0.0x avg  |          |
| Wastewater production (BOI estimate)   |         | 0.0x avg  |          |
| Solid waste production (BOI estimate)  |         | 0.4x avg  |          |
| Hazardous waste production (BOI estimate)  |         | 0.0x avg  |          |
| <b>6.2 Soft asset requirements</b>   |         |           |          |
| Managers required (in USA)   |         | 1.0x avg  |          |
| Engineers required (in USA)  |         | 3.5x avg  |          |
| General workers required (in SL)   |         | 1.0x avg  |          |
| General workers required (in peer countries)   |         | 0.9x avg  |          |
| Skilled workers required (in SL)   |         | 1.0x avg  |          |
| Skilled workers required (in USA)  |         | 2.2x avg  |          |
| Research & development use (in OECD)   |         | 2.7x avg  |          |
| Research & development use (in UK)   |         | 3.9x avg  |          |
| <b>Notes:</b>  |         |           |          |
| Sector defined as ISIC C26. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.                  |         |           |          |
| Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016. |         |           |          |
| z-score quintiles are based on normal distribution:  |         |           |          |
| <-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).                      |         |           |          |

Full sector

The scorecards pertain to either "full sectors" or "subsectors." There are scorecards for 30 full sectors (every tradable activity, including service exports, at a very high level) and 29 subsectors (more specific activities, selected for study by the Targeting Team).

Here, the shaded cells represent the measured intensity of the sector's requirements for each hard and soft asset. The darker the shade, the higher the requirement.

The full list of data sources is given in the previous section.

# Electronics

Full sector

## Key statistics (2015-2016)

|                                 |         |  |       |
|---------------------------------|---------|--|-------|
| Exports from Sri Lanka (USD mn) | 149.0   | Major exporters (over USD 1mn for 3 years) | 6     |
| Imports from Sri Lanka (USD mn) | 779.2   | BOI companies in operation                 | 12    |
| World market (USD bn)           | 2,328.3 | Employment in Sri Lanka                    | 3,733 |

## SECTOR PRIORITIZATION

1st / 30 full sectors (score = 0.63)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

High

0.4

1.1 Job creation potential

High

0.3

1.2 Job quality potential

Very high

0.9

1.3 Potential beyond Western Province

Very low

<-1.2

1.4 New linkages potential

Very high

1.1

### 2 Market opportunity

Very high

1.1

2.1 Domestic market opportunity

Average

-0.1

2.2 Regional market opportunity

High

0.7

2.3 World market opportunity

Very high

>1.2

### 3 Investor interest (direct & indirect)

High

0.3

3.1 Investor interest in SL

Low

-0.5

3.2 Investors' regional market access

High

0.5

3.3 Strength in related countries

Very high

1.2

z-score

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

## SECTOR STRATEGY

KNOWHOW NEEDED\*\*

### 4 Current strength in Sri Lanka

Low

-0.5

4.1 Current strength of SL exports

Low

-0.3

4.2 Current strength of SL workforce

Low

-0.8

4.3 Current strength of SL companies

Low

-0.5

### 5 Current know-how in Sri Lanka

Very low

-0.9

5.1 Strength in related products

Very low

-0.9

### 6 Hard & soft asset competitiveness

Average

0.2

6.1 Competitiveness of required hard assets

Low

-0.4

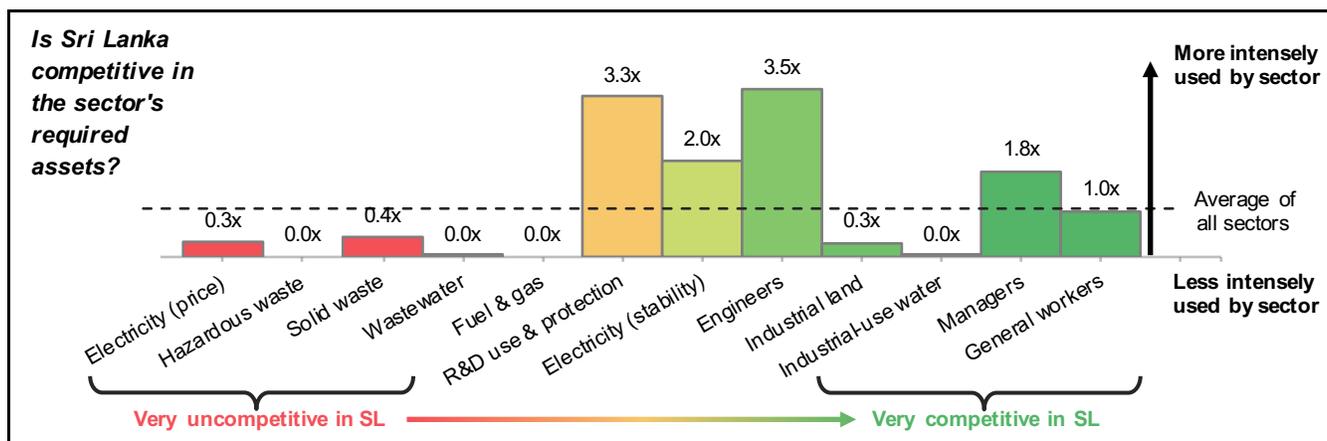
6.2 Competitiveness of required soft assets

High

0.5

z-score

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad



|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | -0.45  | Average          |
| Wages per value added (USA)                  | 78%    | Very high        |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 81     | Low              |
| Average wage rate (peers; z-score)           | 0.42   | Average          |
| Average wage rate (USA; USD per year)        | 76,727 | Very high        |
| Employment for youth (in SL)                 | 51%    | Very high        |
| Employment for women (in SL)                 | 40%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 5%     | Low              |
| Employment beyond Western Prov.              | 6%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 1.12   | Very high        |

|  | value   | z-score quintile |
|--|---------|------------------|
| <b>Index 2: Market opportunity</b>         |         |                  |
| <b>2.1 Domestic market opportunity</b>     |         |                  |
| Imports in SL (current, USD mn)            | 779     | High             |
| Imports in SL (vs global per capita)       | 12%     | Low              |
| Imports in SL (3-year increase, USD mn)    | -1      | Very low         |
| <b>2.2 Regional market opportunity</b>     |         |                  |
| Imports in India (current, USD mn)         | 31,484  | Very high        |
| Imports in India (vs global per capita)    | 7%      | Average          |
| Imports in India (3-year increase, USD mn) | +2,719  | Very high        |
| Coverage under ISFTA                       | 100%    | High             |
| Imports in China (current, USD mn)         | 280,631 | Very high        |
| Imports in China (vs global per capita)    | 63%     | High             |
| <b>2.3 World market opportunity</b>        |         |                  |
| Imports globally (current, USD bn)         | 2,328.3 | Very high        |
| Imports globally (3-year increase, USD bn) | +234.8  | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 3     | Low              |
| New exporters in SL (>10k USD)                          | 47    | Low              |
| New exporters in SL (>100k USD)                         | 16    | Low              |
| Rate of new vs. consistent exporters                    | 1.5   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 48%   | Very high        |
| Japan's share of Indian market                          | 2%    | Average          |
| Korea's share of Indian market                          | 6%    | High             |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 469%  | Very high        |
| Exports from India (vs global per capita)               | 1%    | Low              |
| Exports from China (vs global per capita)               | 173%  | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 149.0 | Average          |
| Exports from SL (vs global per capita)        | 2.2%  | Low              |
| SL's share of Indian market                   | 0.10% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 3,733 | Very low         |
| Worker training in SL                         | 30%   | High             |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 11    | Low              |
| Consistent exporters in SL (>1mn USD)         | 6     | Low              |
| Consistent exporters in SL (>10mn USD)        | 1     | Low              |
| BOI companies in operation                    | 12    | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.90 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.3x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.3x avg |
| Electricity stability required (BOI estimate)    | 2.0x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.8x avg |
| Engineers required (in USA)                      | 3.5x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 0.9x avg |
| Skilled workers required (in SL)                 | 1.0x avg |
| Skilled workers required (in USA)                | 2.2x avg |
| Research & development use (in OECD)             | 2.7x avg |
| Research & development use (in UK)               | 3.9x avg |

#### Notes:

Sector defined as ISIC C26. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Industrial machinery and equipment

Full sector

## Key statistics (2015-2016)

|                                 |         |  |       |
|---------------------------------|---------|--|-------|
| Exports from Sri Lanka (USD mn) | 203.3   | Major exporters (over USD 1mn for 3 years) | 9     |
| Imports from Sri Lanka (USD mn) | 1,141.5 | BOI companies in operation                 | 19    |
| World market (USD bn)           | 1,317.0 | Employment in Sri Lanka                    | 4,404 |

## SECTOR PRIORITIZATION **2nd / 30 full sectors (score = 0.55)** **TOP PRIORITY\***

| Category   | Impact      | z-score |
|--|-------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>High</b> | 0.7     |
| 1.1 Job creation potential                         | High        | 0.3     |
| 1.2 Job quality potential                          | Average     | -0.1    |
| 1.3 Potential beyond Western Province              | Low         | -0.7    |
| 1.4 New linkages potential                         | Very high   | >1.2    |
| <b>2 Market opportunity</b>                        | <b>High</b> | 0.5     |
| 2.1 Domestic market opportunity                    | Average     | 0.1     |
| 2.2 Regional market opportunity                    | High        | 0.5     |
| 2.3 World market opportunity                       | High        | 0.5     |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>High</b> | 0.5     |
| 3.1 Investor interest in SL                        | Average     | 0.2     |
| 3.2 Investors' regional market access              | Very high   | >1.2    |
| 3.3 Strength in related countries                  | Low         | -0.3    |

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

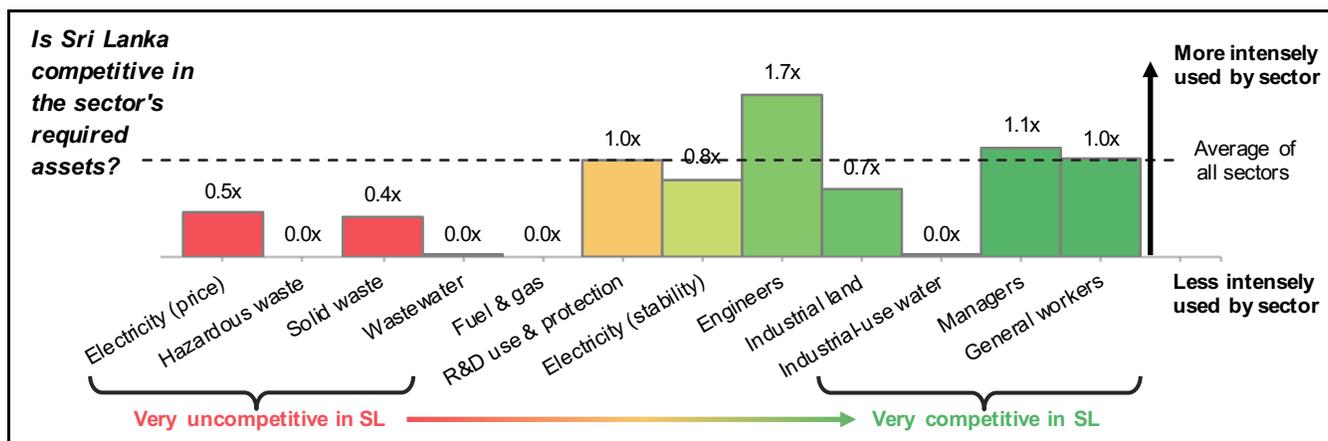
z-score

## SECTOR STRATEGY **KNOWHOW NEEDED\*\***

|  |                 |       |
|--|-----------------|-------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Low</b>      | -0.5  |
| 4.1 Current strength of SL exports             | Average         | -0.2  |
| 4.2 Current strength of SL workforce           | Very low        | -1.0  |
| 4.3 Current strength of SL companies           | Low             | -0.4  |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Very low</b> | <-1.2 |
| 5.1 Strength in related products               | Very low        | <-1.2 |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>High</b>     | 0.3   |
| 6.1 Competitiveness of required hard assets    | Low             | -0.4  |
| 6.2 Competitiveness of required soft assets    | High            | 0.7   |

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Industrial machinery and equipment

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | -0.09  | Average          |
| Wages per value added (USA)                  | 74%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 76     | Low              |
| Average wage rate (peers; z-score)           | 0.44   | High             |
| Average wage rate (USA; USD per year)        | 50,659 | High             |
| Employment for youth (in SL)                 | 29%    | Average          |
| Employment for women (in SL)                 | 22%    | Low              |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 7%     | Low              |
| Employment beyond Western Prov.              | 28%    | Low              |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 2.02   | Very high        |

|  | value   | z-score quintile |
|--|---------|------------------|
| <b>Index 2: Market opportunity</b>         |         |                  |
| <b>2.1 Domestic market opportunity</b>     |         |                  |
| Imports in SL (current, USD mn)            | 1,142   | High             |
| Imports in SL (vs global per capita)       | 30%     | Low              |
| Imports in SL (3-year increase, USD mn)    | -139    | Very low         |
| <b>2.2 Regional market opportunity</b>     |         |                  |
| Imports in India (current, USD mn)         | 22,186  | Very high        |
| Imports in India (vs global per capita)    | 9%      | Average          |
| Imports in India (3-year increase, USD mn) | -6,672  | Very low         |
| Coverage under ISFTA                       | 100%    | High             |
| Imports in China (current, USD mn)         | 99,392  | High             |
| Imports in China (vs global per capita)    | 39%     | Average          |
| <b>2.3 World market opportunity</b>        |         |                  |
| Imports globally (current, USD bn)         | 1,317.0 | Very high        |
| Imports globally (3-year increase, USD bn) | -46.7   | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 7     | Low              |
| New exporters in SL (>10k USD)                          | 159   | Average          |
| New exporters in SL (>100k USD)                         | 48    | Low              |
| Rate of new vs. consistent exporters                    | 2.0   | Very high        |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 26%   | Average          |
| Japan's share of Indian market                          | 10%   | Very high        |
| Korea's share of Indian market                          | 6%    | High             |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 124%  | Low              |
| Exports from India (vs global per capita)               | 6%    | Low              |
| Exports from China (vs global per capita)               | 74%   | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 203.3 | Average          |
| Exports from SL (vs global per capita)        | 5.3%  | Low              |
| SL's share of Indian market                   | 0.06% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 4,404 | Very low         |
| Worker training in SL                         | 10%   | Low              |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 24    | Low              |
| Consistent exporters in SL (>1mn USD)         | 9     | Low              |
| Consistent exporters in SL (>10mn USD)        | 1     | Low              |
| BOI companies in operation                    | 19    | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -1.37 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.1x avg |
| Engineers required (in USA)                      | 1.7x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.0x avg |
| Skilled workers required (in SL)                 | 0.7x avg |
| Skilled workers required (in USA)                | 1.0x avg |
| Research & development use (in OECD)             | 1.1x avg |
| Research & development use (in UK)               | 0.9x avg |

## Notes:

Sector defined as ISIC C28. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Automotive

Full sector

## Key statistics (2015-2016)

|                                 |         |  |       |
|---------------------------------|---------|--|-------|
| Exports from Sri Lanka (USD mn) | 40.4    | Major exporters (over USD 1mn for 3 years) | 4     |
| Imports from Sri Lanka (USD mn) | 1,250.7 | BOI companies in operation                 | 5     |
| World market (USD bn)           | 1,427.0 | Employment in Sri Lanka                    | 3,840 |

## SECTOR PRIORITIZATION

3rd / 30 full sectors (score = 0.52)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

High

0.6

1.1 Job creation potential

Average



-0.2

1.2 Job quality potential

High

0.3



1.3 Potential beyond Western Province

Average



0.2

1.4 New linkages potential

Very high



>1.2

### 2 Market opportunity

High

0.6

2.1 Domestic market opportunity

Average



0.2

2.2 Regional market opportunity

Average



0.1

2.3 World market opportunity

Very high



1.2

### 3 Investor interest (direct & indirect)

High

0.3

3.1 Investor interest in SL

Low



-0.7

3.2 Investors' regional market access

Very high



>1.2

3.3 Strength in related countries

Low



-0.7

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

KNOWHOW NEEDED\*\*

### 4 Current strength in Sri Lanka

Low

-0.6

4.1 Current strength of SL exports

Low



-0.6

4.2 Current strength of SL workforce

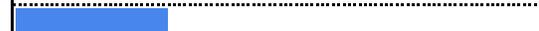
Low



-0.6

4.3 Current strength of SL companies

Low



-0.5

### 5 Current know-how in Sri Lanka

Very low

-1.2

5.1 Strength in related products

Very low



-1.2

### 6 Hard & soft asset competitiveness

Average

0.0

6.1 Competitiveness of required hard assets

Low



-0.3

6.2 Competitiveness of required soft assets

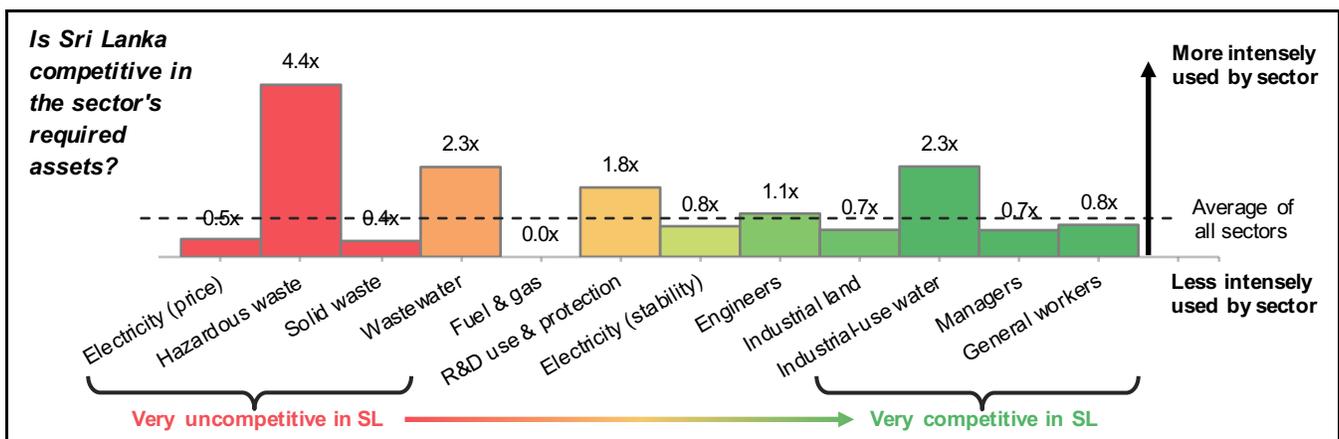
High



0.6

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | -1.36  | Very low         |
| Wages per value added (USA)                  | 63%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 84     | Average          |
| Average wage rate (peers; z-score)           | 0.76   | High             |
| Average wage rate (USA; USD per year)        | 56,877 | High             |
| Employment for youth (in SL)                 | 44%    | Very high        |
| Employment for women (in SL)                 | 12%    | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 50%    | High             |
| Employment beyond Western Prov.              | 33%    | Low              |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 1.56   | Very high        |

|  | value   | z-score quintile |
|--|---------|------------------|
| <b>Index 2: Market opportunity</b>         |         |                  |
| <b>2.1 Domestic market opportunity</b>     |         |                  |
| Imports in SL (current, USD mn)            | 1,251   | High             |
| Imports in SL (vs global per capita)       | 30%     | Low              |
| Imports in SL (3-year increase, USD mn)    | -547    | Very low         |
| <b>2.2 Regional market opportunity</b>     |         |                  |
| Imports in India (current, USD mn)         | 5,963   | High             |
| Imports in India (vs global per capita)    | 2%      | Low              |
| Imports in India (3-year increase, USD mn) | -1,221  | Very low         |
| Coverage under ISFTA                       | 100%    | High             |
| Imports in China (current, USD mn)         | 90,981  | High             |
| Imports in China (vs global per capita)    | 33%     | Average          |
| <b>2.3 World market opportunity</b>        |         |                  |
| Imports globally (current, USD bn)         | 1,427.0 | Very high        |
| Imports globally (3-year increase, USD bn) | +105.9  | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 5     | Low              |
| New exporters in SL (>10k USD)                          | 33    | Low              |
| New exporters in SL (>100k USD)                         | 10    | Low              |
| Rate of new vs. consistent exporters                    | 1.3   | Very low         |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 13%   | Low              |
| Japan's share of Indian market                          | 12%   | Very high        |
| Korea's share of Indian market                          | 16%   | Very high        |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 75%   | Low              |
| Exports from India (vs global per capita)               | 5%    | Low              |
| Exports from China (vs global per capita)               | 19%   | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 40.4  | Low              |
| Exports from SL (vs global per capita)        | 1.0%  | Low              |
| SL's share of Indian market                   | 0.11% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 3,840 | Very low         |
| Worker training in SL                         | 37%   | Very high        |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 8     | Low              |
| Consistent exporters in SL (>1mn USD)         | 4     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 5     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -1.18 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 4.4x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.7x avg |
| Engineers required (in USA)                      | 1.1x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 0.6x avg |
| Skilled workers required (in SL)                 | 2.1x avg |
| Skilled workers required (in USA)                | 1.3x avg |
| Research & development use (in OECD)             | 2.4x avg |
| Research & development use (in UK)               | 1.2x avg |

**Notes:**

Sector defined as ISIC C29. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Accommodation and food service (tourism)

Full sector

## Key statistics (2015-2016)

|                                 |         |  |         |
|---------------------------------|---------|--|---------|
| Exports from Sri Lanka (USD mn) | 2,431.1 | Major exporters (over USD 1mn for 3 years) | n/a     |
| Imports from Sri Lanka (USD mn) | 1,262.5 | BOI companies in operation                 | 249     |
| World market (USD bn)           | 1,073.2 | Employment in Sri Lanka                    | 213,202 |

## SECTOR PRIORITIZATION

4th / 30 full sectors (score = 0.48)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

Average

0.2

1.1 Job creation potential

High



0.3

1.2 Job quality potential

Low



-0.5

1.3 Potential beyond Western Province

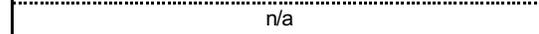
Very high



1.1

1.4 New linkages potential

n/a



### 2 Market opportunity

High

0.8

2.1 Domestic market opportunity

High



0.7

2.2 Regional market opportunity

High



0.4

2.3 World market opportunity

Very high



>1.2

### 3 Investor interest (direct & indirect)

High

0.4

3.1 Investor interest in SL

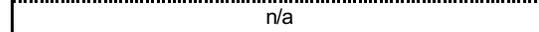
Very high



1.0

3.2 Investors' regional market access

n/a



3.3 Strength in related countries

High



0.3

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

EXISTING OR EMERGING\*\*

### 4 Current strength in Sri Lanka

Very high

0.9

4.1 Current strength of SL exports

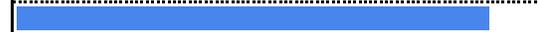
Very high



0.9

4.2 Current strength of SL workforce

Very high



1.0

4.3 Current strength of SL companies

High



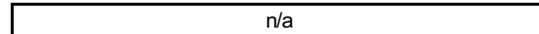
0.8

### 5 Current know-how in Sri Lanka

n/a

5.1 Strength in related products

n/a



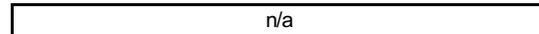
### 6 Hard & soft asset competitiveness

Very high

1.1

6.1 Competitiveness of required hard assets

n/a



6.2 Competitiveness of required soft assets

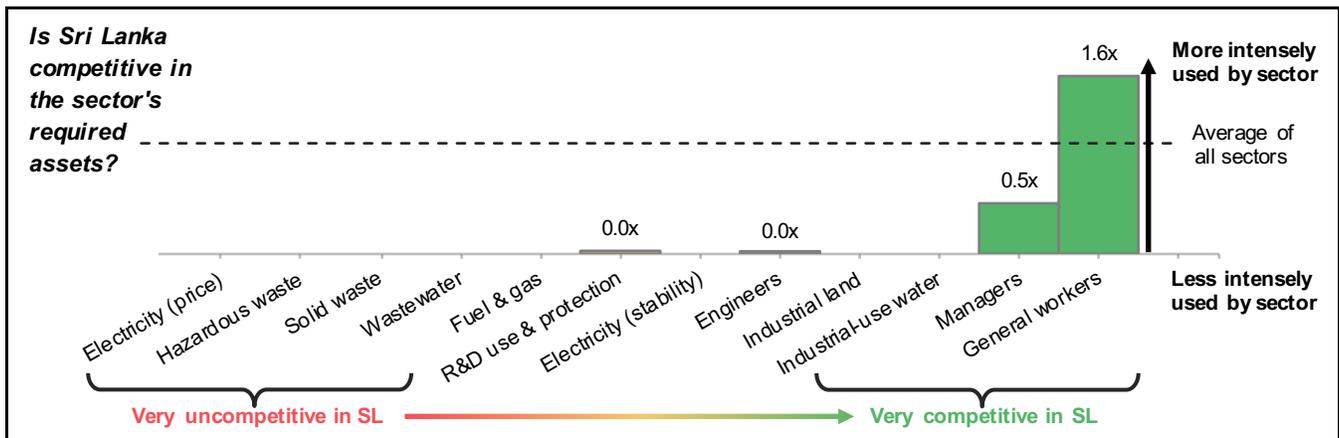
Very high



1.1

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Accommodation and food service (tourism)

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.28   | Very high        |
| Jobs per value added (peers; z-score)        | .      | n/a              |
| Wages per value added (USA)                  | 58%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 76     | Low              |
| Average wage rate (peers; z-score)           | .      | n/a              |
| Average wage rate (USA; USD per year)        | 16,846 | Very low         |
| Employment for youth (in SL)                 | 24%    | Low              |
| Employment for women (in SL)                 | 29%    | Average          |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 65%    | Very high        |
| Employment beyond Western Prov.              | 59%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | .      | n/a              |

|  | value   | z-score quintile |
|--|---------|------------------|
| <b>Index 2: Market opportunity</b>         |         |                  |
| <b>2.1 Domestic market opportunity</b>     |         |                  |
| Imports in SL (current, USD mn)            | 1,263   | High             |
| Imports in SL (vs global per capita)       | 39%     | Average          |
| Imports in SL (3-year increase, USD mn)    | +762    | Very high        |
| <b>2.2 Regional market opportunity</b>     |         |                  |
| Imports in India (current, USD mn)         | 14,596  | High             |
| Imports in India (vs global per capita)    | 7%      | Average          |
| Imports in India (3-year increase, USD mn) | +897    | High             |
| Coverage under ISFTA                       | .       | n/a              |
| Imports in China (current, USD mn)         | 164,859 | Very high        |
| Imports in China (vs global per capita)    | 77%     | Very high        |
| <b>2.3 World market opportunity</b>        |         |                  |
| Imports globally (current, USD bn)         | 1,073.2 | Very high        |
| Imports globally (3-year increase, USD bn) | +174.2  | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 239   | Very high        |
| New exporters in SL (>10k USD)                          | .     | n/a              |
| New exporters in SL (>100k USD)                         | .     | n/a              |
| Rate of new vs. consistent exporters                    | .     | n/a              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | .     | n/a              |
| Japan's share of Indian market                          | .     | n/a              |
| Korea's share of Indian market                          | .     | n/a              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 279%  | Very high        |
| Exports from India (vs global per capita)               | 9%    | Low              |
| Exports from China (vs global per capita)               | .     | n/a              |

|   | value   | z-score quintile |
|---|---------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |         |                  |
| <b>4.1 Current strength of SL exports</b>     |         |                  |
| Exports from SL (current, USD mn)             | 2,431.1 | Very high        |
| Exports from SL (vs global per capita)        | 70.3%   | High             |
| SL's share of Indian market                   | .       | n/a              |
| <b>4.2 Current strength of SL workforce</b>   |         |                  |
| Current employment in SL                      | 213,202 | Very high        |
| Worker training in SL                         | 14%     | Low              |
| <b>4.3 Current strength of SL companies</b>   |         |                  |
| Consistent exporters in SL (>100k USD)        | .       | n/a              |
| Consistent exporters in SL (>1mn USD)         | .       | n/a              |
| Consistent exporters in SL (>10mn USD)        | .       | n/a              |
| BOI companies in operation                    | 249     | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | .     | n/a              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | n/a      |
| Energy use (UNIDO estimate)                      | n/a      |
| Energy use (BOI estimate)                        | n/a      |
| Electricity stability required (BOI estimate)    | n/a      |
| Fuel or gas use (BOI estimate)                   | n/a      |
| Industrial water use (BOI estimate)              | n/a      |
| Wastewater production (BOI estimate)             | n/a      |
| Solid waste production (BOI estimate)            | n/a      |
| Hazardous waste production (BOI estimate)        | n/a      |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.5x avg |
| Engineers required (in USA)                      | 0.0x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | n/a      |
| Skilled workers required (in SL)                 | 1.0x avg |
| Skilled workers required (in USA)                | 0.4x avg |
| Research & development use (in OECD)             | n/a      |
| Research & development use (in UK)               | 0.0x avg |

## Notes:

Sector defined as ISIC I. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Electrical equipment

Full sector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 240.5 | Major exporters (over USD 1mn for 3 years) | 13     |
| Imports from Sri Lanka (USD mn) | 497.9 | BOI companies in operation                 | 23     |
| World market (USD bn)           | 867.2 | Employment in Sri Lanka                    | 10,355 |

## SECTOR PRIORITIZATION

5th / 30 full sectors (score = 0.39)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

High

0.3

1.1 Job creation potential

High

0.3

1.2 Job quality potential

Average

0.1

1.3 Potential beyond Western Province

Very low

-1.1

1.4 New linkages potential

Very high

1.2



### 2 Market opportunity

High

0.5

2.1 Domestic market opportunity

Average

-0.1

2.2 Regional market opportunity

High

0.3

2.3 World market opportunity

Very high

0.9



### 3 Investor interest (direct & indirect)

High

0.3

3.1 Investor interest in SL

Average

-0.2

3.2 Investors' regional market access

High

0.8

3.3 Strength in related countries

Average

0.2



z-score

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

## SECTOR STRATEGY

EXISTING OR EMERGING\*\*

### 4 Current strength in Sri Lanka

Average

-0.2

4.1 Current strength of SL exports

Average

-0.1

4.2 Current strength of SL workforce

Average

-0.2

4.3 Current strength of SL companies

Average

-0.2



### 5 Current know-how in Sri Lanka

Low

-0.7

5.1 Strength in related products

Low

-0.7



### 6 Hard & soft asset competitiveness

High

0.3

6.1 Competitiveness of required hard assets

Average

-0.2

6.2 Competitiveness of required soft assets

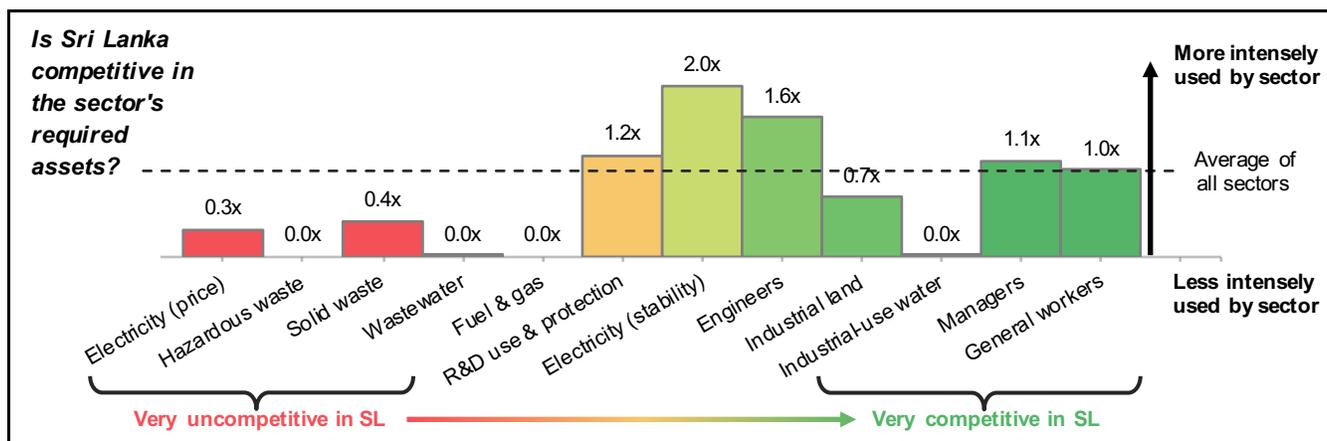
High

0.7



z-score

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI



# Electrical equipment

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | -0.08  | Average          |
| Wages per value added (USA)                  | 74%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 99     | High             |
| Average wage rate (peers; z-score)           | 0.20   | Average          |
| Average wage rate (USA; USD per year)        | 50,122 | High             |
| Employment for youth (in SL)                 | 38%    | High             |
| Employment for women (in SL)                 | 12%    | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 9%     | Low              |
| Employment beyond Western Prov.              | 12%    | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 1.16   | Very high        |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 498    | High             |
| Imports in SL (vs global per capita)       | 20%    | Low              |
| Imports in SL (3-year increase, USD mn)    | -71    | Very low         |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 9,922  | High             |
| Imports in India (vs global per capita)    | 6%     | Low              |
| Imports in India (3-year increase, USD mn) | -730   | Very low         |
| Coverage under ISFTA                       | 100%   | High             |
| Imports in China (current, USD mn)         | 50,837 | High             |
| Imports in China (vs global per capita)    | 31%    | Average          |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 867.2  | High             |
| Imports globally (3-year increase, USD bn) | +90.9  | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 20    | Average          |
| New exporters in SL (>10k USD)                          | 106   | Low              |
| New exporters in SL (>100k USD)                         | 42    | Low              |
| Rate of new vs. consistent exporters                    | 1.5   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 38%   | High             |
| Japan's share of Indian market                          | 5%    | High             |
| Korea's share of Indian market                          | 7%    | Very high        |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 184%  | High             |
| Exports from India (vs global per capita)               | 5%    | Low              |
| Exports from China (vs global per capita)               | 139%  | Very high        |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 240.5  | High             |
| Exports from SL (vs global per capita)        | 9.6%   | Low              |
| SL's share of Indian market                   | 0.59%  | Average          |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 10,355 | Low              |
| Worker training in SL                         | 32%    | Very high        |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 28     | Low              |
| Consistent exporters in SL (>1mn USD)         | 13     | Average          |
| Consistent exporters in SL (>10mn USD)        | 4      | Average          |
| BOI companies in operation                    | 23     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.66 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.3x avg |
| Electricity stability required (BOI estimate)    | 2.0x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.1x avg |
| Engineers required (in USA)                      | 1.6x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.0x avg |
| Skilled workers required (in SL)                 | 2.0x avg |
| Skilled workers required (in USA)                | 1.1x avg |
| Research & development use (in OECD)             | 1.4x avg |
| Research & development use (in UK)               | 1.0x avg |

## Notes:

Sector defined as ISIC C27. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Fabricated metal products

Full sector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 38.4  | Major exporters (over USD 1mn for 3 years) | 3      |
| Imports from Sri Lanka (USD mn) | 476.5 | BOI companies in operation                 | 36     |
| World market (USD bn)           | 402.2 | Employment in Sri Lanka                    | 40,977 |

## SECTOR PRIORITIZATION **6th** / 30 full sectors (score = 0.38) **TOP PRIORITY\***

| Category   | Priority       | z-score |
|--|----------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>High</b>    | 0.4     |
| 1.1 Job creation potential                         | High           | 0.7     |
| 1.2 Job quality potential                          | Low            | -0.4    |
| 1.3 Potential beyond Western Province              | Average        | 0.0     |
| 1.4 New linkages potential                         | Very high      | 0.9     |
| <b>2 Market opportunity</b>                        | <b>Average</b> | 0.2     |
| 2.1 Domestic market opportunity                    | Average        | 0.2     |
| 2.2 Regional market opportunity                    | Average        | 0.1     |
| 2.3 World market opportunity                       | Average        | 0.2     |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>High</b>    | 0.6     |
| 3.1 Investor interest in SL                        | High           | 0.3     |
| 3.2 Investors' regional market access              | Very high      | >1.2    |
| 3.3 Strength in related countries                  | Average        | 0.0     |

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

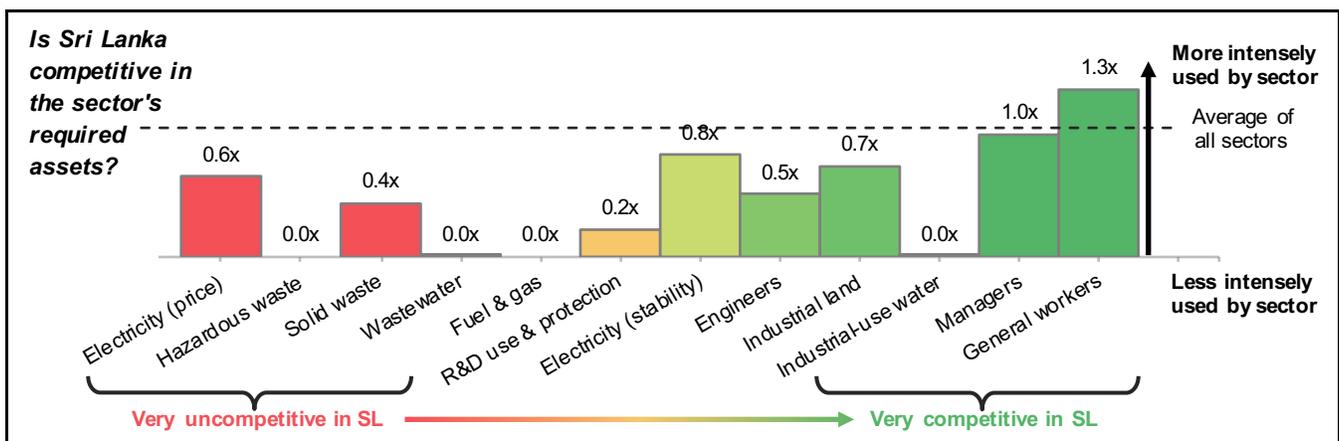
z-score

## SECTOR STRATEGY **KNOWHOW NEEDED\*\***

|  |             |      |
|--|-------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Low</b>  | -0.3 |
| 4.1 Current strength of SL exports             | Low         | -0.6 |
| 4.2 Current strength of SL workforce           | Average     | 0.2  |
| 4.3 Current strength of SL companies           | Low         | -0.4 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Low</b>  | -0.6 |
| 5.1 Strength in related products               | Low         | -0.6 |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>High</b> | 0.3  |
| 6.1 Competitiveness of required hard assets    | Low         | -0.5 |
| 6.2 Competitiveness of required soft assets    | Very high   | 1.0  |

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Fabricated metal products

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.25   | Very high        |
| Jobs per value added (peers; z-score)        | 0.02   | High             |
| Wages per value added (USA)                  | 76%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 81     | Low              |
| Average wage rate (peers; z-score)           | -0.06  | Low              |
| Average wage rate (USA; USD per year)        | 40,776 | Low              |
| Employment for youth (in SL)                 | 30%    | Average          |
| Employment for women (in SL)                 | 9%     | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 20%    | Low              |
| Employment beyond Western Prov.              | 46%    | High             |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.85   | Very high        |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 476    | High             |
| Imports in SL (vs global per capita)       | 41%    | Average          |
| Imports in SL (3-year increase, USD mn)    | +117   | High             |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 4,633  | Average          |
| Imports in India (vs global per capita)    | 6%     | Low              |
| Imports in India (3-year increase, USD mn) | -458   | Very low         |
| Coverage under ISFTA                       | 100%   | High             |
| Imports in China (current, USD mn)         | 14,063 | Average          |
| Imports in China (vs global per capita)    | 18%    | Low              |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 402.2  | Average          |
| Imports globally (3-year increase, USD bn) | +31.3  | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 24    | Average          |
| New exporters in SL (>10k USD)                          | 154   | Average          |
| New exporters in SL (>100k USD)                         | 46    | Low              |
| Rate of new vs. consistent exporters                    | 2.1   | Very high        |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 30%   | High             |
| Japan's share of Indian market                          | 8%    | Very high        |
| Korea's share of Indian market                          | 10%   | Very high        |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 124%  | Low              |
| Exports from India (vs global per capita)               | 11%   | Average          |
| Exports from China (vs global per capita)               | 116%  | High             |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 38.4   | Low              |
| Exports from SL (vs global per capita)        | 3.3%   | Low              |
| SL's share of Indian market                   | 0.17%  | Low              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 40,977 | High             |
| Worker training in SL                         | 14%    | Low              |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 22     | Low              |
| Consistent exporters in SL (>1mn USD)         | 3      | Low              |
| Consistent exporters in SL (>10mn USD)        | 0      | Low              |
| BOI companies in operation                    | 36     | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.63 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.0x avg |
| Engineers required (in USA)                      | 0.5x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | 1.0x avg |
| Skilled workers required (in SL)                 | 0.4x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 0.3x avg |
| Research & development use (in UK)               | 0.1x avg |

## Notes:

Sector defined as ISIC C25. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Chemical products

Full sector

## Key statistics (2015-2016)

|                                 |         |  |        |
|---------------------------------|---------|--|--------|
| Exports from Sri Lanka (USD mn) | 225.7   | Major exporters (over USD 1mn for 3 years) | 11     |
| Imports from Sri Lanka (USD mn) | 1,849.0 | BOI companies in operation                 | 33     |
| World market (USD bn)           | 1,447.2 | Employment in Sri Lanka                    | 30,579 |

## SECTOR PRIORITIZATION

7th / 30 full sectors (score = 0.36)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

Average

0.2

1.1 Job creation potential

Low



-0.6

1.2 Job quality potential

High



0.5

1.3 Potential beyond Western Province

Average



0.1

1.4 New linkages potential

High



0.8

### 2 Market opportunity

High

0.7

2.1 Domestic market opportunity

High



0.3

2.2 Regional market opportunity

Very high



0.9

2.3 World market opportunity

High



0.6

### 3 Investor interest (direct & indirect)

Average

0.1

3.1 Investor interest in SL

Average



0.2

3.2 Investors' regional market access

Average



0.2

3.3 Strength in related countries

Average



-0.2

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

EXISTING OR EMERGING, ASSET IMPROVEMENTS NEEDED\*\*

### 4 Current strength in Sri Lanka

Average

-0.1

4.1 Current strength of SL exports

Average



-0.2

4.2 Current strength of SL workforce

Average



0.1

4.3 Current strength of SL companies

Average



-0.2

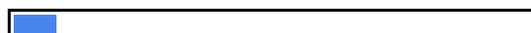
### 5 Current know-how in Sri Lanka

Very low

-1.0

5.1 Strength in related products

Very low



-1.0

### 6 Hard & soft asset competitiveness

Low

-0.3

6.1 Competitiveness of required hard assets

Low



-0.6

6.2 Competitiveness of required soft assets

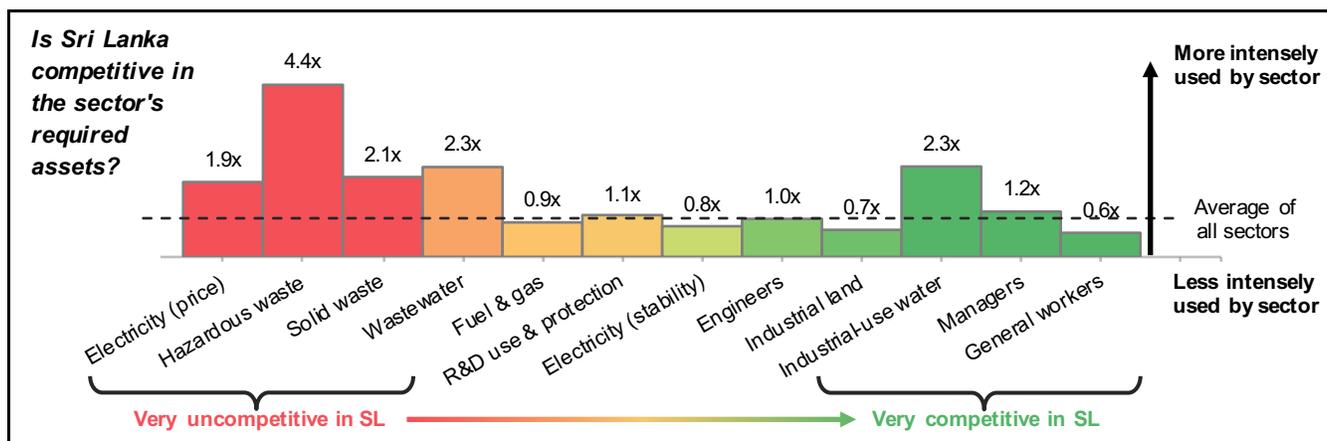
High



0.7

\*\*Strong or emerging, but SL lacks needed assets » Promote existing firms, upgrade infrastructure & skills

z-score



# Chemical products

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.46   | Low              |
| Jobs per value added (peers; z-score)        | -1.27  | Low              |
| Wages per value added (USA)                  | 54%    | Low              |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 71     | Low              |
| Average wage rate (peers; z-score)           | 0.91   | High             |
| Average wage rate (USA; USD per year)        | 69,954 | Very high        |
| Employment for youth (in SL)                 | 33%    | High             |
| Employment for women (in SL)                 | 40%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 33%    | Average          |
| Employment beyond Western Prov.              | 41%    | Average          |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.81   | High             |

|  | value   | z-score quintile |
|--|---------|------------------|
| <b>Index 2: Market opportunity</b>         |         |                  |
| <b>2.1 Domestic market opportunity</b>     |         |                  |
| Imports in SL (current, USD mn)            | 1,849   | Very high        |
| Imports in SL (vs global per capita)       | 44%     | Average          |
| Imports in SL (3-year increase, USD mn)    | -4      | Very low         |
| <b>2.2 Regional market opportunity</b>     |         |                  |
| Imports in India (current, USD mn)         | 43,756  | Very high        |
| Imports in India (vs global per capita)    | 17%     | Very high        |
| Imports in India (3-year increase, USD mn) | +2,097  | Very high        |
| Coverage under ISFTA                       | 98%     | High             |
| Imports in China (current, USD mn)         | 156,606 | Very high        |
| Imports in China (vs global per capita)    | 57%     | High             |
| <b>2.3 World market opportunity</b>        |         |                  |
| Imports globally (current, USD bn)         | 1,447.2 | Very high        |
| Imports globally (3-year increase, USD bn) | -29.0   | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 20    | Average          |
| New exporters in SL (>10k USD)                          | 236   | High             |
| New exporters in SL (>100k USD)                         | 82    | Average          |
| Rate of new vs. consistent exporters                    | 1.7   | High             |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 22%   | Average          |
| Japan's share of Indian market                          | 3%    | Average          |
| Korea's share of Indian market                          | 7%    | High             |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 170%  | Average          |
| Exports from India (vs global per capita)               | 10%   | Average          |
| Exports from China (vs global per capita)               | 44%   | Low              |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 225.7  | High             |
| Exports from SL (vs global per capita)        | 5.4%   | Low              |
| SL's share of Indian market                   | 0.05%  | Low              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 30,579 | Average          |
| Worker training in SL                         | 16%    | Low              |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 49     | Average          |
| Consistent exporters in SL (>1mn USD)         | 11     | Average          |
| Consistent exporters in SL (>10mn USD)        | 2      | Average          |
| BOI companies in operation                    | 33     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -1.05 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 3.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 2.1x avg |
| Hazardous waste production (BOI estimate)        | 4.4x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.2x avg |
| Engineers required (in USA)                      | 1.0x avg |
| General workers required (in SL)                 | 0.6x avg |
| General workers required (in peer countries)     | 0.7x avg |
| Skilled workers required (in SL)                 | 1.5x avg |
| Skilled workers required (in USA)                | 1.8x avg |
| Research & development use (in OECD)             | 1.4x avg |
| Research & development use (in UK)               | 0.7x avg |

## Notes:

Sector defined as ISIC C20. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Medical products, jewelry, toys, other

Full sector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 301.2 | Major exporters (over USD 1mn for 3 years) | 32     |
| Imports from Sri Lanka (USD mn) | 244.9 | BOI companies in operation                 | 132    |
| World market (USD bn)           | 458.5 | Employment in Sri Lanka                    | 35,628 |

## SECTOR PRIORITIZATION

8th / 30 full sectors (score = 0.23)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

Average

0.2

1.1 Job creation potential

High



0.5

1.2 Job quality potential

Average



-0.1

1.3 Potential beyond Western Province

Average



0.1

1.4 New linkages potential

Average



0.2

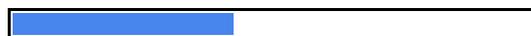
### 2 Market opportunity

Average

0.2

2.1 Domestic market opportunity

Average



-0.2

2.2 Regional market opportunity

Average



0.1

2.3 World market opportunity

High



0.4

### 3 Investor interest (direct & indirect)

High

0.3

3.1 Investor interest in SL

High



0.6

3.2 Investors' regional market access

Average



-0.1

3.3 Strength in related countries

High



0.3

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

EXISTING OR EMERGING\*\*

### 4 Current strength in Sri Lanka

Average

0.2

4.1 Current strength of SL exports

Average



0.0

4.2 Current strength of SL workforce

Average



0.2

4.3 Current strength of SL companies

High



0.6

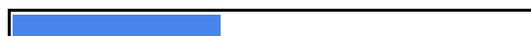
### 5 Current know-how in Sri Lanka

Low

-0.3

5.1 Strength in related products

Low



-0.3

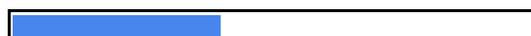
### 6 Hard & soft asset competitiveness

High

0.4

6.1 Competitiveness of required hard assets

Low



-0.3

6.2 Competitiveness of required soft assets

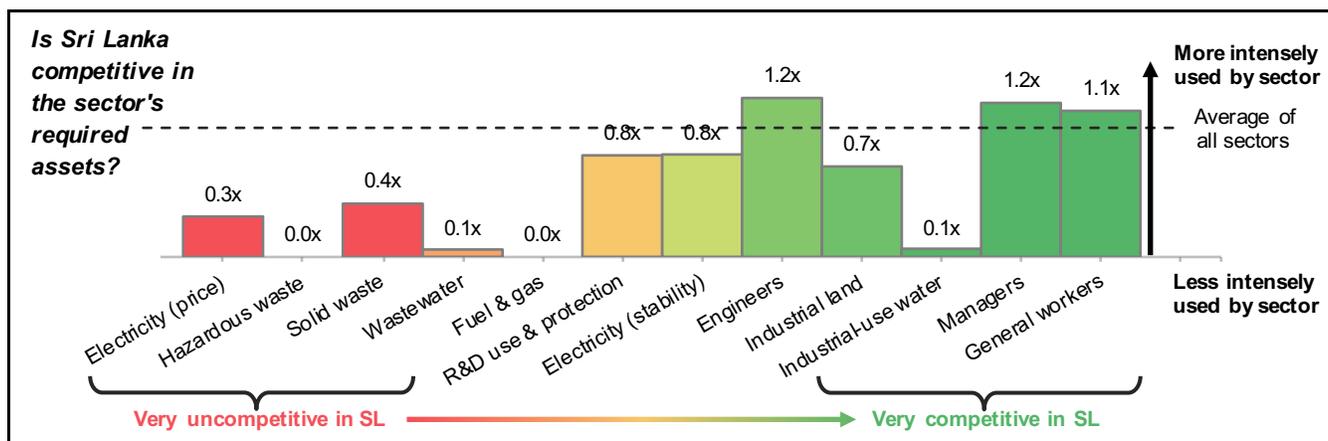
High



0.8

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Medical products, jewelry, toys, other

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.83   | Average          |
| Jobs per value added (peers; z-score)        | 0.66   | High             |
| Wages per value added (USA)                  | 70%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 78     | Low              |
| Average wage rate (peers; z-score)           | -0.42  | Low              |
| Average wage rate (USA; USD per year)        | 52,406 | High             |
| Employment for youth (in SL)                 | 25%    | Low              |
| Employment for women (in SL)                 | 38%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 28%    | Average          |
| Employment beyond Western Prov.              | 44%    | Average          |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.21   | Average          |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 245    | Average          |
| Imports in SL (vs global per capita)       | 18%    | Low              |
| Imports in SL (3-year increase, USD mn)    | +49    | Average          |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 5,105  | Average          |
| Imports in India (vs global per capita)    | 6%     | Low              |
| Imports in India (3-year increase, USD mn) | +306   | Average          |
| Coverage under ISFTA                       | 99%    | High             |
| Imports in China (current, USD mn)         | 15,590 | Average          |
| Imports in China (vs global per capita)    | 18%    | Low              |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 458.5  | High             |
| Imports globally (3-year increase, USD bn) | +45.9  | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 34    | Average          |
| New exporters in SL (>10k USD)                          | 397   | Very high        |
| New exporters in SL (>100k USD)                         | 189   | Very high        |
| Rate of new vs. consistent exporters                    | 1.5   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 19%   | Average          |
| Japan's share of Indian market                          | 3%    | Average          |
| Korea's share of Indian market                          | 2%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 165%  | Average          |
| Exports from India (vs global per capita)               | 19%   | High             |
| Exports from China (vs global per capita)               | 117%  | High             |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 301.2  | High             |
| Exports from SL (vs global per capita)        | 22.7%  | Average          |
| SL's share of Indian market                   | 0.11%  | Low              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 35,628 | High             |
| Worker training in SL                         | 17%    | Average          |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 124    | Very high        |
| Consistent exporters in SL (>1mn USD)         | 32     | High             |
| Consistent exporters in SL (>10mn USD)        | 2      | Average          |
| BOI companies in operation                    | 132    | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.26 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.3x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.1x avg |
| Wastewater production (BOI estimate)             | 0.1x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.2x avg |
| Engineers required (in USA)                      | 1.2x avg |
| General workers required (in SL)                 | 1.1x avg |
| General workers required (in peer countries)     | 1.2x avg |
| Skilled workers required (in SL)                 | 1.1x avg |
| Skilled workers required (in USA)                | 1.3x avg |
| Research & development use (in OECD)             | 1.3x avg |
| Research & development use (in UK)               | 0.3x avg |

## Notes:

Sector defined as ISIC C32. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Food products

Full sector

## Key statistics (2015-2016)

|                                 |         |  |         |
|---------------------------------|---------|--|---------|
| Exports from Sri Lanka (USD mn) | 1,204.4 | Major exporters (over USD 1mn for 3 years) | 90      |
| Imports from Sri Lanka (USD mn) | 1,505.0 | BOI companies in operation                 | 93      |
| World market (USD bn)           | 869.0   | Employment in Sri Lanka                    | 209,819 |

## SECTOR PRIORITIZATION

9th / 30 full sectors (score = 0.23)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

|                                       |           |  |      |
|---------------------------------------|-----------|--|------|
|                                       | Low       |  | -0.3 |
| 1.1 Job creation potential            | Low       |  | -0.4 |
| 1.2 Job quality potential             | Low       |  | -0.4 |
| 1.3 Potential beyond Western Province | Very high |  | 1.0  |
| 1.4 New linkages potential            | Low       |  | -0.7 |

### 2 Market opportunity

|                                 |      |  |     |
|---------------------------------|------|--|-----|
|                                 | High |  | 0.5 |
| 2.1 Domestic market opportunity | High |  | 0.5 |
| 2.2 Regional market opportunity | High |  | 0.4 |
| 2.3 World market opportunity    | High |  | 0.7 |

### 3 Investor interest (direct & indirect)

|                                       |           |  |      |
|---------------------------------------|-----------|--|------|
|                                       | High      |  | 0.4  |
| 3.1 Investor interest in SL           | Very high |  | >1.2 |
| 3.2 Investors' regional market access | Very low  |  | -0.9 |
| 3.3 Strength in related countries     | High      |  | 0.3  |

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

EXISTING OR EMERGING\*\*

### 4 Current strength in Sri Lanka

|                                      |           |  |      |
|--------------------------------------|-----------|--|------|
|                                      | Very high |  | 1.0  |
| 4.1 Current strength of SL exports   | High      |  | 0.5  |
| 4.2 Current strength of SL workforce | Very high |  | 0.9  |
| 4.3 Current strength of SL companies | Very high |  | >1.2 |

### 5 Current know-how in Sri Lanka

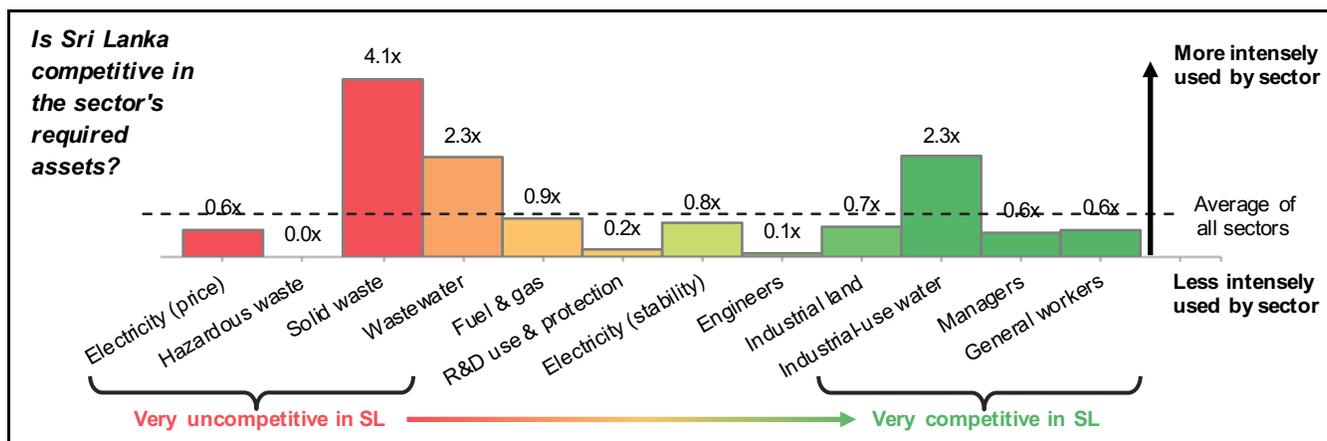
|                                  |      |  |     |
|----------------------------------|------|--|-----|
|                                  | High |  | 0.4 |
| 5.1 Strength in related products | High |  | 0.4 |

### 6 Hard & soft asset competitiveness

|   |           |  |      |
|---|-----------|--|------|
|   | Average   |  | -0.2 |
| 6.1 Competitiveness of required hard assets | Low       |  | -0.4 |
| 6.2 Competitiveness of required soft assets | Very high |  | 1.0  |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Food products

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.26   | Very low         |
| Jobs per value added (peers; z-score)        | -0.31  | Average          |
| Wages per value added (USA)                  | 57%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 64     | Very low         |
| Average wage rate (peers; z-score)           | -0.28  | Low              |
| Average wage rate (USA; USD per year)        | 35,435 | Low              |
| Employment for youth (in SL)                 | 21%    | Low              |
| Employment for women (in SL)                 | 46%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 37%    | High             |
| Employment beyond Western Prov.              | 75%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -0.72  | Low              |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 1,505  | Very high        |
| Imports in SL (vs global per capita)       | 60%    | High             |
| Imports in SL (3-year increase, USD mn)    | +65    | Average          |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 12,077 | High             |
| Imports in India (vs global per capita)    | 8%     | Average          |
| Imports in India (3-year increase, USD mn) | +1,283 | High             |
| Coverage under ISFTA                       | 98%    | High             |
| Imports in China (current, USD mn)         | 40,761 | High             |
| Imports in China (vs global per capita)    | 25%    | Low              |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 869.0  | High             |
| Imports globally (3-year increase, USD bn) | +51.5  | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 70    | High             |
| New exporters in SL (>10k USD)                          | 779   | Very high        |
| New exporters in SL (>100k USD)                         | 416   | Very high        |
| Rate of new vs. consistent exporters                    | 1.4   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 1%    | Very low         |
| Japan's share of Indian market                          | 0%    | Low              |
| Korea's share of Indian market                          | 0%    | Very low         |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 345%  | Very high        |
| Exports from India (vs global per capita)               | 14%   | Average          |
| Exports from China (vs global per capita)               | 23%   | Low              |

|   | value   | z-score quintile |
|---|---------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |         |                  |
| <b>4.1 Current strength of SL exports</b>     |         |                  |
| Exports from SL (current, USD mn)             | 1,204.4 | Very high        |
| Exports from SL (vs global per capita)        | 47.9%   | Average          |
| SL's share of Indian market                   | 0.43%   | Low              |
| <b>4.2 Current strength of SL workforce</b>   |         |                  |
| Current employment in SL                      | 209,819 | Very high        |
| Worker training in SL                         | 8%      | Very low         |
| <b>4.3 Current strength of SL companies</b>   |         |                  |
| Consistent exporters in SL (>100k USD)        | 288     | Very high        |
| Consistent exporters in SL (>1mn USD)         | 90      | Very high        |
| Consistent exporters in SL (>10mn USD)        | 21      | Very high        |
| BOI companies in operation                    | 93      | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 0.39  | High             |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 4.1x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.6x avg |
| Engineers required (in USA)                      | 0.1x avg |
| General workers required (in SL)                 | 0.3x avg |
| General workers required (in peer countries)     | 0.9x avg |
| Skilled workers required (in SL)                 | 0.7x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 0.2x avg |
| Research & development use (in UK)               | 0.2x avg |

## Notes:

Sector defined as ISIC C10. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

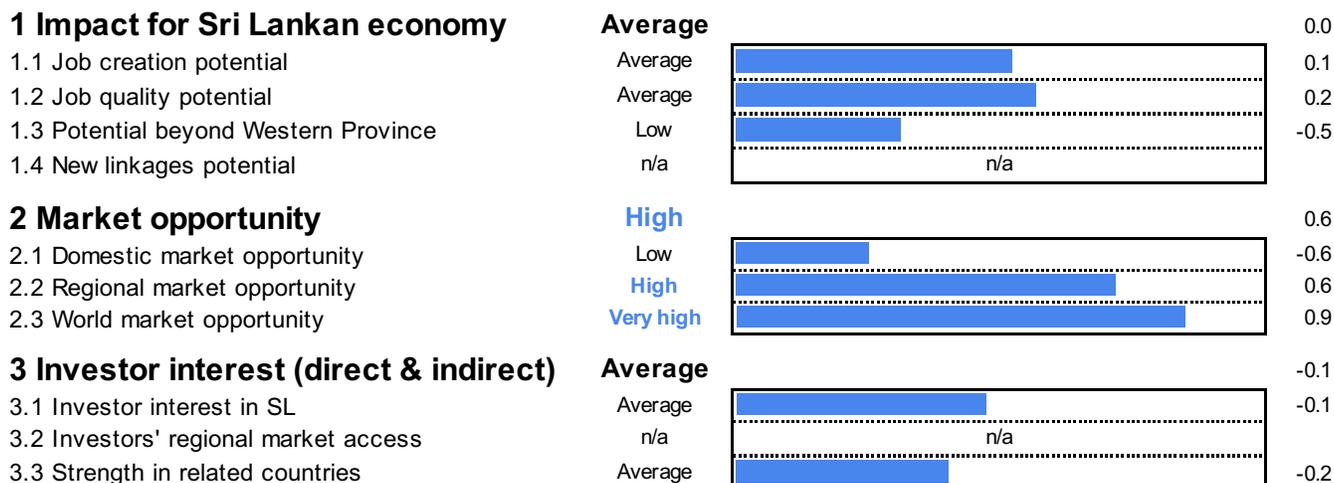
# Business administration and support (BPO)

Full sector

## Key statistics (2015-2016)

|                                 |         |  |        |
|---------------------------------|---------|--|--------|
| Exports from Sri Lanka (USD mn) | 42.6    | Major exporters (over USD 1mn for 3 years) | n/a    |
| Imports from Sri Lanka (USD mn) | 58.3    | BOI companies in operation                 | 72     |
| World market (USD bn)           | 1,005.3 | Employment in Sri Lanka                    | 11,133 |

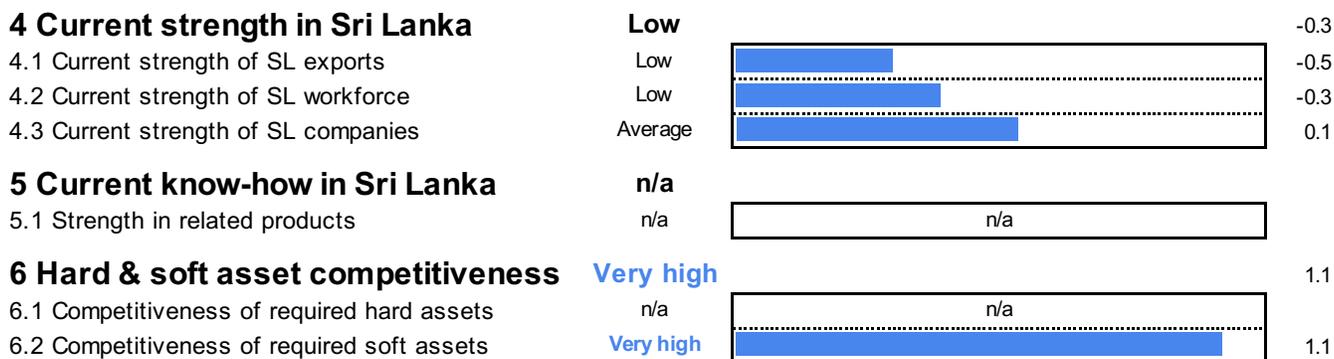
## SECTOR PRIORITIZATION **10th** / 30 full sectors (score = 0.19) **TOP PRIORITY\***



\*Highest impact, market opportunity, or investor interest » Top priority for promotion

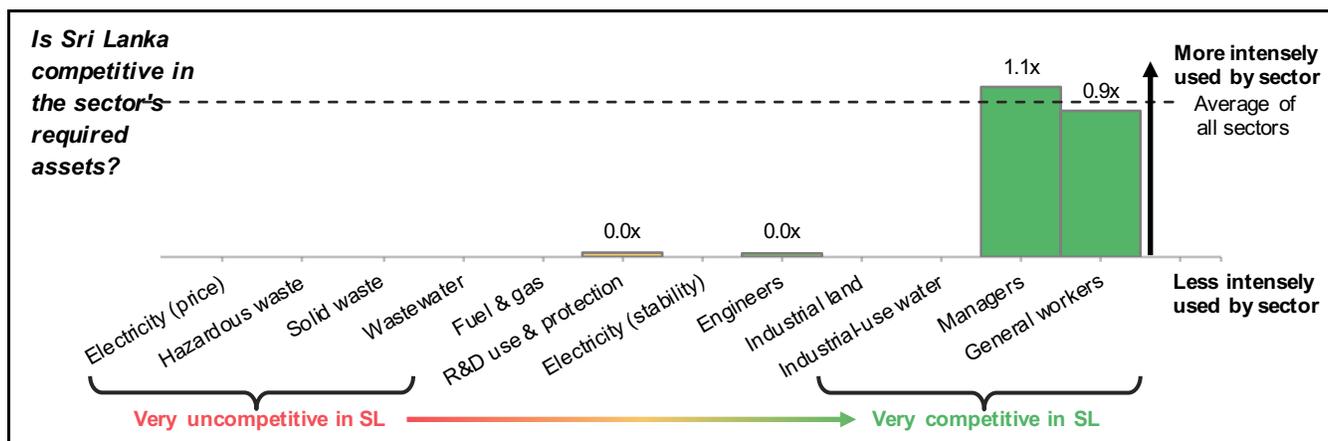
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***



\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Business administration and support (BPO)

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.74   | Average          |
| Jobs per value added (peers; z-score)        | .      | n/a              |
| Wages per value added (USA)                  | 64%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 99     | High             |
| Average wage rate (peers; z-score)           | .      | n/a              |
| Average wage rate (USA; USD per year)        | 24,467 | Very low         |
| Employment for youth (in SL)                 | 42%    | Very high        |
| Employment for women (in SL)                 | 36%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 13%    | Low              |
| Employment beyond Western Prov.              | 33%    | Low              |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | .      | n/a              |

|  | value   | z-score quintile |
|--|---------|------------------|
| <b>Index 2: Market opportunity</b>         |         |                  |
| <b>2.1 Domestic market opportunity</b>     |         |                  |
| Imports in SL (current, USD mn)            | 58      | Very low         |
| Imports in SL (vs global per capita)       | 2%      | Very low         |
| Imports in SL (3-year increase, USD mn)    | -315    | Very low         |
| <b>2.2 Regional market opportunity</b>     |         |                  |
| Imports in India (current, USD mn)         | 31,226  | Very high        |
| Imports in India (vs global per capita)    | 16%     | High             |
| Imports in India (3-year increase, USD mn) | +642    | High             |
| Coverage under ISFTA                       | .       | n/a              |
| Imports in China (current, USD mn)         | 53,370  | High             |
| Imports in China (vs global per capita)    | 27%     | Low              |
| <b>2.3 World market opportunity</b>        |         |                  |
| Imports globally (current, USD bn)         | 1,005.3 | Very high        |
| Imports globally (3-year increase, USD bn) | +71.4   | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 19    | Low              |
| New exporters in SL (>10k USD)                          | .     | n/a              |
| New exporters in SL (>100k USD)                         | .     | n/a              |
| Rate of new vs. consistent exporters                    | .     | n/a              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | .     | n/a              |
| Japan's share of Indian market                          | .     | n/a              |
| Korea's share of Indian market                          | .     | n/a              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 76%   | Low              |
| Exports from India (vs global per capita)               | 14%   | Average          |
| Exports from China (vs global per capita)               | .     | n/a              |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 42.6   | Low              |
| Exports from SL (vs global per capita)        | 1.3%   | Low              |
| SL's share of Indian market                   | .      | n/a              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 11,133 | Low              |
| Worker training in SL                         | 26%    | High             |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | .      | n/a              |
| Consistent exporters in SL (>1mn USD)         | .      | n/a              |
| Consistent exporters in SL (>10mn USD)        | .      | n/a              |
| BOI companies in operation                    | 72     | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | .     | n/a              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | n/a      |
| Energy use (UNIDO estimate)                      | n/a      |
| Energy use (BOI estimate)                        | n/a      |
| Electricity stability required (BOI estimate)    | n/a      |
| Fuel or gas use (BOI estimate)                   | n/a      |
| Industrial water use (BOI estimate)              | n/a      |
| Wastewater production (BOI estimate)             | n/a      |
| Solid waste production (BOI estimate)            | n/a      |
| Hazardous waste production (BOI estimate)        | n/a      |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.1x avg |
| Engineers required (in USA)                      | 0.0x avg |
| General workers required (in SL)                 | 0.9x avg |
| General workers required (in peer countries)     | n/a      |
| Skilled workers required (in SL)                 | 2.8x avg |
| Skilled workers required (in USA)                | 0.7x avg |
| Research & development use (in OECD)             | n/a      |
| Research & development use (in UK)               | 0.0x avg |

## Notes:

Sector defined as ISIC N82. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# IT and software development

Full sector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 627.9 | Major exporters (over USD 1mn for 3 years) | n/a    |
| Imports from Sri Lanka (USD mn) | 300.3 | BOI companies in operation                 | 108    |
| World market (USD bn)           | 189.5 | Employment in Sri Lanka                    | 14,327 |

## SECTOR PRIORITIZATION **11th** / 30 full sectors (score = 0.17) **NORMAL PRIORITY\***

| Category   | Qualitative    | Bar Chart | z-score |
|--|----------------|-----------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Average</b> |           | 0.0     |
| 1.1 Job creation potential                         | High           | [Bar]     | 0.3     |
| 1.2 Job quality potential                          | Very high      | [Bar]     | 1.0     |
| 1.3 Potential beyond Western Province              | Very low       | [Bar]     | <-1.2   |
| 1.4 New linkages potential                         | n/a            | [Bar]     | n/a     |
| <b>2 Market opportunity</b>                        | <b>Average</b> |           | 0.2     |
| 2.1 Domestic market opportunity                    | High           | [Bar]     | 0.4     |
| 2.2 Regional market opportunity                    | Average        | [Bar]     | 0.1     |
| 2.3 World market opportunity                       | High           | [Bar]     | 0.3     |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>High</b>    |           | 0.3     |
| 3.1 Investor interest in SL                        | Average        | [Bar]     | 0.0     |
| 3.2 Investors' regional market access              | n/a            | [Bar]     | n/a     |
| 3.3 Strength in related countries                  | Very high      | [Bar]     | >1.2    |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

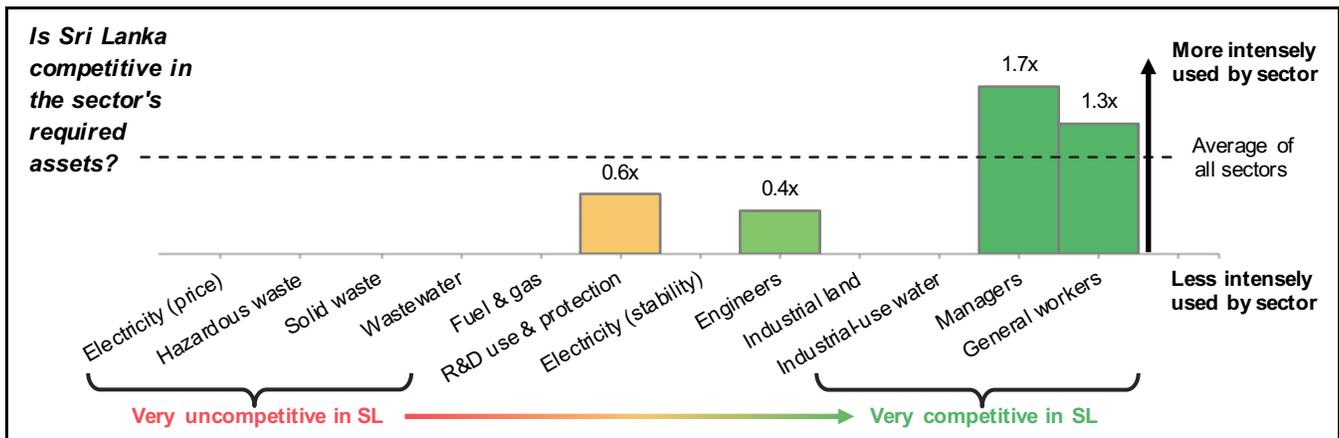
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***

|  |                  |       |     |
|--|------------------|-------|-----|
| <b>4 Current strength in Sri Lanka</b>         | <b>High</b>      |       | 0.3 |
| 4.1 Current strength of SL exports             | High             | [Bar] | 0.5 |
| 4.2 Current strength of SL workforce           | Average          | [Bar] | 0.2 |
| 4.3 Current strength of SL companies           | Average          | [Bar] | 0.2 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>n/a</b>       |       |     |
| 5.1 Strength in related products               | n/a              | [Bar] | n/a |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Very high</b> |       | 0.9 |
| 6.1 Competitiveness of required hard assets    | n/a              | [Bar] | n/a |
| 6.2 Competitiveness of required soft assets    | Very high        | [Bar] | 0.9 |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# IT and software development

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.07   | High             |
| Jobs per value added (peers; z-score)        | .      | n/a              |
| Wages per value added (USA)                  | 64%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 149    | Very high        |
| Average wage rate (peers; z-score)           | .      | n/a              |
| Average wage rate (USA; USD per year)        | 49,522 | Average          |
| Employment for youth (in SL)                 | 57%    | Very high        |
| Employment for women (in SL)                 | 26%    | Average          |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 4%     | Very low         |
| Employment beyond Western Prov.              | 6%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | .      | n/a              |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 300    | Average          |
| Imports in SL (vs global per capita)       | 52%    | Average          |
| Imports in SL (3-year increase, USD mn)    | +300   | Very high        |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 3,265  | Average          |
| Imports in India (vs global per capita)    | 9%     | Average          |
| Imports in India (3-year increase, USD mn) | +1,408 | High             |
| Coverage under ISFTA                       | .      | n/a              |
| Imports in China (current, USD mn)         | 10,748 | Low              |
| Imports in China (vs global per capita)    | 28%    | Low              |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 189.5  | Low              |
| Imports globally (3-year increase, USD bn) | +69.4  | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 29    | Average          |
| New exporters in SL (>10k USD)                          | .     | n/a              |
| New exporters in SL (>100k USD)                         | .     | n/a              |
| Rate of new vs. consistent exporters                    | .     | n/a              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | .     | n/a              |
| Japan's share of Indian market                          | .     | n/a              |
| Korea's share of Indian market                          | .     | n/a              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 7%    | Very low         |
| Exports from India (vs global per capita)               | 104%  | Very high        |
| Exports from China (vs global per capita)               | .     | n/a              |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 627.9  | Very high        |
| Exports from SL (vs global per capita)        | 56.5%  | Average          |
| SL's share of Indian market                   | .      | n/a              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 14,327 | Low              |
| Worker training in SL                         | 50%    | Very high        |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | .      | n/a              |
| Consistent exporters in SL (>1mn USD)         | .      | n/a              |
| Consistent exporters in SL (>10mn USD)        | .      | n/a              |
| BOI companies in operation                    | 108    | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | .     | n/a              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | n/a      |
| Energy use (UNIDO estimate)                      | n/a      |
| Energy use (BOI estimate)                        | n/a      |
| Electricity stability required (BOI estimate)    | n/a      |
| Fuel or gas use (BOI estimate)                   | n/a      |
| Industrial water use (BOI estimate)              | n/a      |
| Wastewater production (BOI estimate)             | n/a      |
| Solid waste production (BOI estimate)            | n/a      |
| Hazardous waste production (BOI estimate)        | n/a      |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.7x avg |
| Engineers required (in USA)                      | 0.4x avg |
| General workers required (in SL)                 | 1.3x avg |
| General workers required (in peer countries)     | n/a      |
| Skilled workers required (in SL)                 | 4.6x avg |
| Skilled workers required (in USA)                | 2.4x avg |
| Research & development use (in OECD)             | n/a      |
| Research & development use (in UK)               | 0.6x avg |

## Notes:

Sector defined as ISIC J62, J63. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Basic metals

Full sector

## Key statistics (2015-2016)

|                                 |         |  |       |
|---------------------------------|---------|--|-------|
| Exports from Sri Lanka (USD mn) | 99.7    | Major exporters (over USD 1mn for 3 years) | 9     |
| Imports from Sri Lanka (USD mn) | 902.5   | BOI companies in operation                 | 17    |
| World market (USD bn)           | 1,175.1 | Employment in Sri Lanka                    | 2,371 |

## SECTOR PRIORITIZATION **12th** / 30 full sectors (score = 0.16) **NORMAL PRIORITY\***

### 1 Impact for Sri Lankan economy

|                                       |                |  |      |
|---------------------------------------|----------------|--|------|
|                                       | <b>Average</b> |  | 0.1  |
| 1.1 Job creation potential            | Average        |  | 0.0  |
| 1.2 Job quality potential             | Average        |  | -0.2 |
| 1.3 Potential beyond Western Province | Low            |  | -0.6 |
| 1.4 New linkages potential            | <b>High</b>    |  | 0.6  |

### 2 Market opportunity

|                                 |                  |  |     |
|---------------------------------|------------------|--|-----|
|                                 | <b>High</b>      |  | 0.7 |
| 2.1 Domestic market opportunity | Average          |  | 0.1 |
| 2.2 Regional market opportunity | <b>Very high</b> |  | 0.9 |
| 2.3 World market opportunity    | <b>High</b>      |  | 0.5 |

### 3 Investor interest (direct & indirect)

|                                       |            |  |      |
|---------------------------------------|------------|--|------|
|                                       | <b>Low</b> |  | -0.4 |
| 3.1 Investor interest in SL           | Low        |  | -0.6 |
| 3.2 Investors' regional market access | Average    |  | 0.0  |
| 3.3 Strength in related countries     | Low        |  | -0.5 |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

z-score

## SECTOR STRATEGY

## IMPROVEMENTS NEEDED\*\*

### 4 Current strength in Sri Lanka

|                                      |            |  |       |
|--------------------------------------|------------|--|-------|
|                                      | <b>Low</b> |  | -0.7  |
| 4.1 Current strength of SL exports   | Low        |  | -0.4  |
| 4.2 Current strength of SL workforce | Very low   |  | <-1.2 |
| 4.3 Current strength of SL companies | Low        |  | -0.4  |

### 5 Current know-how in Sri Lanka

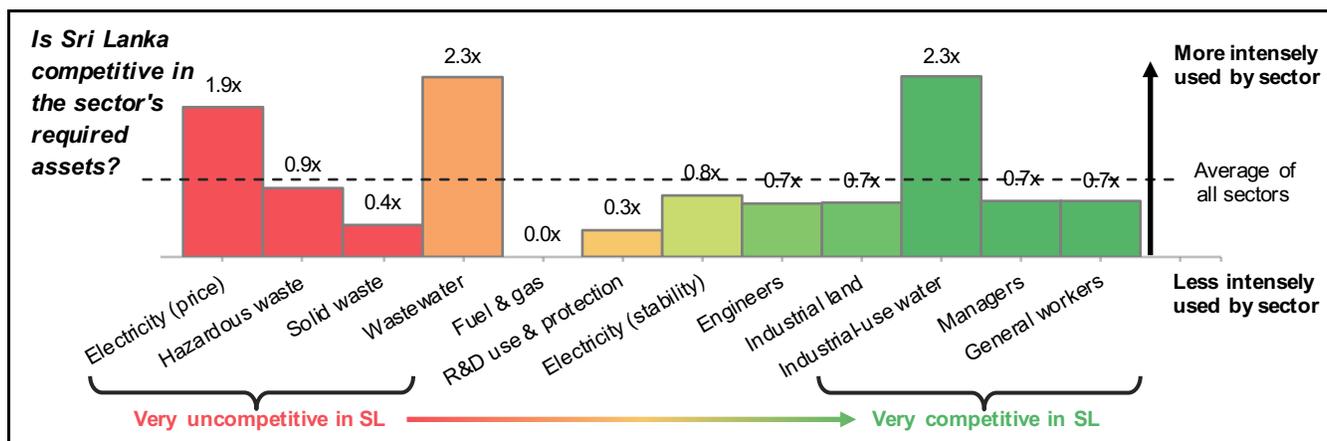
|                                  |                 |  |      |
|----------------------------------|-----------------|--|------|
|                                  | <b>Very low</b> |  | -1.0 |
| 5.1 Strength in related products | Very low        |  | -1.0 |

### 6 Hard & soft asset competitiveness

|   |             |  |      |
|---|-------------|--|------|
|   | <b>Low</b>  |  | -0.3 |
| 6.1 Competitiveness of required hard assets | Low         |  | -0.6 |
| 6.2 Competitiveness of required soft assets | <b>High</b> |  | 0.8  |

\*\*Less current potential, and SL lacks the needed hard or soft assets » Upgrade infrastructure or skills

z-score



# Basic metals

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | .      | n/a              |
| Jobs per value added (peers; z-score)        | -1.10  | Low              |
| Wages per value added (USA)                  | 72%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 83     | Low              |
| Average wage rate (peers; z-score)           | 0.68   | High             |
| Average wage rate (USA; USD per year)        | 47,185 | Average          |
| Employment for youth (in SL)                 | 30%    | Average          |
| Employment for women (in SL)                 | 5%     | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 10%    | Low              |
| Employment beyond Western Prov.              | 29%    | Low              |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.64   | High             |

|  | value   | z-score quintile |
|--|---------|------------------|
| <b>Index 2: Market opportunity</b>         |         |                  |
| <b>2.1 Domestic market opportunity</b>     |         |                  |
| Imports in SL (current, USD mn)            | 903     | High             |
| Imports in SL (vs global per capita)       | 27%     | Low              |
| Imports in SL (3-year increase, USD mn)    | -505    | Very low         |
| <b>2.2 Regional market opportunity</b>     |         |                  |
| Imports in India (current, USD mn)         | 51,995  | Very high        |
| Imports in India (vs global per capita)    | 24%     | Very high        |
| Imports in India (3-year increase, USD mn) | -21,139 | Very low         |
| Coverage under ISFTA                       | 100%    | High             |
| Imports in China (current, USD mn)         | 131,920 | Very high        |
| Imports in China (vs global per capita)    | 59%     | High             |
| <b>2.3 World market opportunity</b>        |         |                  |
| Imports globally (current, USD bn)         | 1,175.1 | Very high        |
| Imports globally (3-year increase, USD bn) | -92.2   | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 5     | Low              |
| New exporters in SL (>10k USD)                          | 83    | Low              |
| New exporters in SL (>100k USD)                         | 25    | Low              |
| Rate of new vs. consistent exporters                    | 1.2   | Very low         |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 10%   | Low              |
| Japan's share of Indian market                          | 3%    | Average          |
| Korea's share of Indian market                          | 5%    | High             |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 81%   | Low              |
| Exports from India (vs global per capita)               | 10%   | Low              |
| Exports from China (vs global per capita)               | 48%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 99.7  | Average          |
| Exports from SL (vs global per capita)        | 2.9%  | Low              |
| SL's share of Indian market                   | 0.03% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 2,371 | Very low         |
| Worker training in SL                         | 15%   | Low              |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 21    | Low              |
| Consistent exporters in SL (>1mn USD)         | 9     | Low              |
| Consistent exporters in SL (>10mn USD)        | 1     | Low              |
| BOI companies in operation                    | 17    | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -1.01 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 3.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.9x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.7x avg |
| Engineers required (in USA)                      | 0.7x avg |
| General workers required (in SL)                 | n/a      |
| General workers required (in peer countries)     | 0.7x avg |
| Skilled workers required (in SL)                 | 0.2x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 0.3x avg |
| Research & development use (in UK)               | 0.4x avg |

## Notes:

Sector defined as ISIC C24. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Cement, ceramics, glass, other mineral products

Full sector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 97.5  | Major exporters (over USD 1mn for 3 years) | 11     |
| Imports from Sri Lanka (USD mn) | 605.4 | BOI companies in operation                 | 50     |
| World market (USD bn)           | 190.8 | Employment in Sri Lanka                    | 79,352 |

## SECTOR PRIORITIZATION **13th** / 30 full sectors (score = 0.15) **NORMAL PRIORITY\***

| Category   | Impact           | Z-score |
|--|------------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>High</b>      | 0.4     |
| 1.1 Job creation potential                         | Average          | 0.1     |
| 1.2 Job quality potential                          | Low              | -0.4    |
| 1.3 Potential beyond Western Province              | <b>Very high</b> | 1.1     |
| 1.4 New linkages potential                         | <b>High</b>      | 0.6     |
| <b>2 Market opportunity</b>                        | <b>Average</b>   | -0.1    |
| 2.1 Domestic market opportunity                    | <b>High</b>      | 0.8     |
| 2.2 Regional market opportunity                    | Average          | 0.0     |
| 2.3 World market opportunity                       | Low              | -0.3    |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Average</b>   | 0.1     |
| 3.1 Investor interest in SL                        | Average          | -0.2    |
| 3.2 Investors' regional market access              | <b>High</b>      | 0.3     |
| 3.3 Strength in related countries                  | <b>High</b>      | 0.4     |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

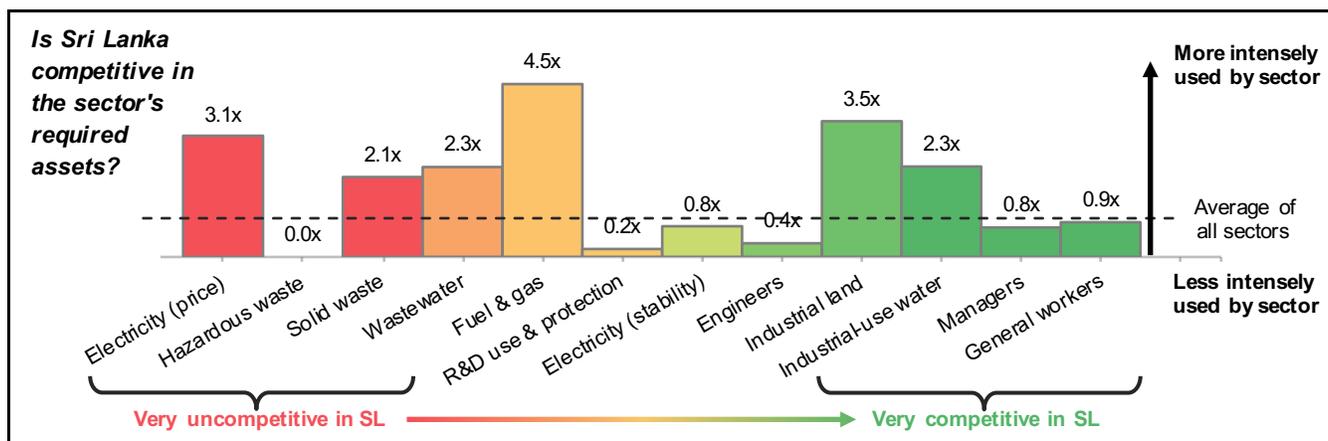
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING, ASSET IMPROVEMENTS NEEDED\*\***

|  |                  |      |
|--|------------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Average</b>   | 0.0  |
| 4.1 Current strength of SL exports             | Average          | -0.1 |
| 4.2 Current strength of SL workforce           | <b>High</b>      | 0.4  |
| 4.3 Current strength of SL companies           | Average          | -0.2 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Low</b>       | -0.5 |
| 5.1 Strength in related products               | Low              | -0.5 |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Low</b>       | -0.3 |
| 6.1 Competitiveness of required hard assets    | Low              | -0.4 |
| 6.2 Competitiveness of required soft assets    | <b>Very high</b> | 0.9  |

\*\*Strong or emerging, but SL lacks needed assets » Promote existing firms, upgrade infrastructure & skills

z-score



# Cement, ceramics, glass, other mineral products

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.65   | Average          |
| Jobs per value added (peers; z-score)        | -0.25  | Average          |
| Wages per value added (USA)                  | 71%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 75     | Low              |
| Average wage rate (peers; z-score)           | 0.04   | Average          |
| Average wage rate (USA; USD per year)        | 41,334 | Low              |
| Employment for youth (in SL)                 | 20%    | Very low         |
| Employment for women (in SL)                 | 32%    | Average          |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 49%    | High             |
| Employment beyond Western Prov.              | 72%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.62   | High             |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 605    | High             |
| Imports in SL (vs global per capita)       | 110%   | Very high        |
| Imports in SL (3-year increase, USD mn)    | +185   | High             |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 2,464  | Average          |
| Imports in India (vs global per capita)    | 7%     | Average          |
| Imports in India (3-year increase, USD mn) | +178   | Average          |
| Coverage under ISFTA                       | 100%   | High             |
| Imports in China (current, USD mn)         | 10,023 | Low              |
| Imports in China (vs global per capita)    | 27%    | Low              |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 190.8  | Low              |
| Imports globally (3-year increase, USD bn) | +17.1  | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 75    | High             |
| New exporters in SL (>10k USD)                          | 126   | Average          |
| New exporters in SL (>100k USD)                         | 35    | Low              |
| Rate of new vs. consistent exporters                    | 1.3   | Very low         |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 47%   | Very high        |
| Japan's share of Indian market                          | 3%    | Average          |
| Korea's share of Indian market                          | 1%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 238%  | High             |
| Exports from India (vs global per capita)               | 10%   | Low              |
| Exports from China (vs global per capita)               | 119%  | High             |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 97.5   | Average          |
| Exports from SL (vs global per capita)        | 17.7%  | Low              |
| SL's share of Indian market                   | 1.34%  | High             |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 79,352 | High             |
| Worker training in SL                         | 7%     | Very low         |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 28     | Low              |
| Consistent exporters in SL (>1mn USD)         | 11     | Average          |
| Consistent exporters in SL (>10mn USD)        | 1      | Low              |
| BOI companies in operation                    | 50     | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.50 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 3.5x avg |
| Energy use (UNIDO estimate)                      | 3.3x avg |
| Energy use (BOI estimate)                        | 3.0x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 4.5x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 2.1x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.8x avg |
| Engineers required (in USA)                      | 0.4x avg |
| General workers required (in SL)                 | 0.8x avg |
| General workers required (in peer countries)     | 0.9x avg |
| Skilled workers required (in SL)                 | 0.5x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 0.3x avg |
| Research & development use (in UK)               | 0.2x avg |

## Notes:

Sector defined as ISIC C23. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

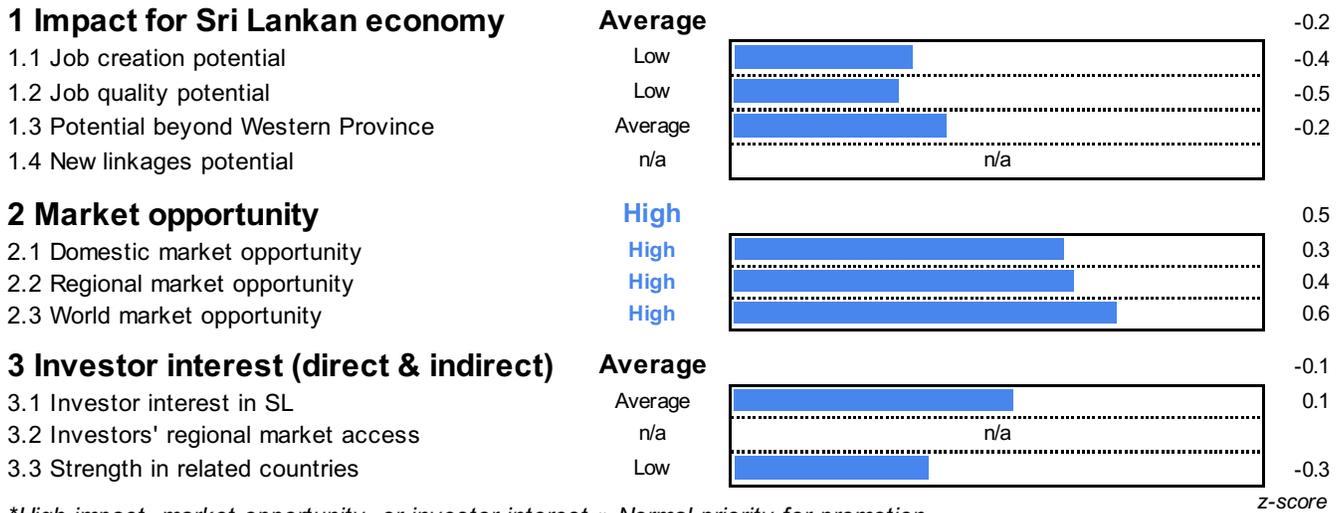
# Transportation and storage (logistics)

Full sector

## Key statistics (2015-2016)

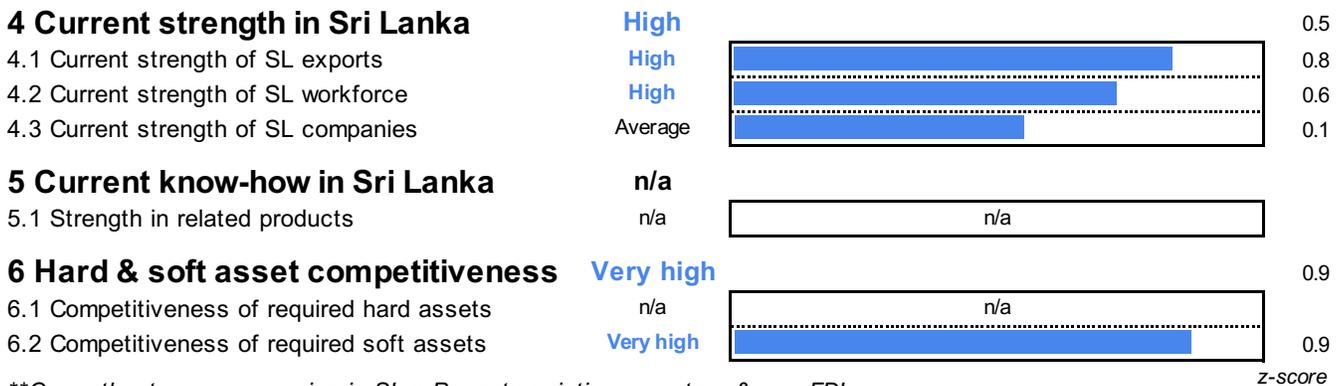
|                                 |         |  |        |
|---------------------------------|---------|--|--------|
| Exports from Sri Lanka (USD mn) | 1,923.2 | Major exporters (over USD 1mn for 3 years) | n/a    |
| Imports from Sri Lanka (USD mn) | 1,461.6 | BOI companies in operation                 | 82     |
| World market (USD bn)           | 1,039.3 | Employment in Sri Lanka                    | 86,073 |

## SECTOR PRIORITIZATION **14th** / 30 full sectors (score = 0.07) **NORMAL PRIORITY\***

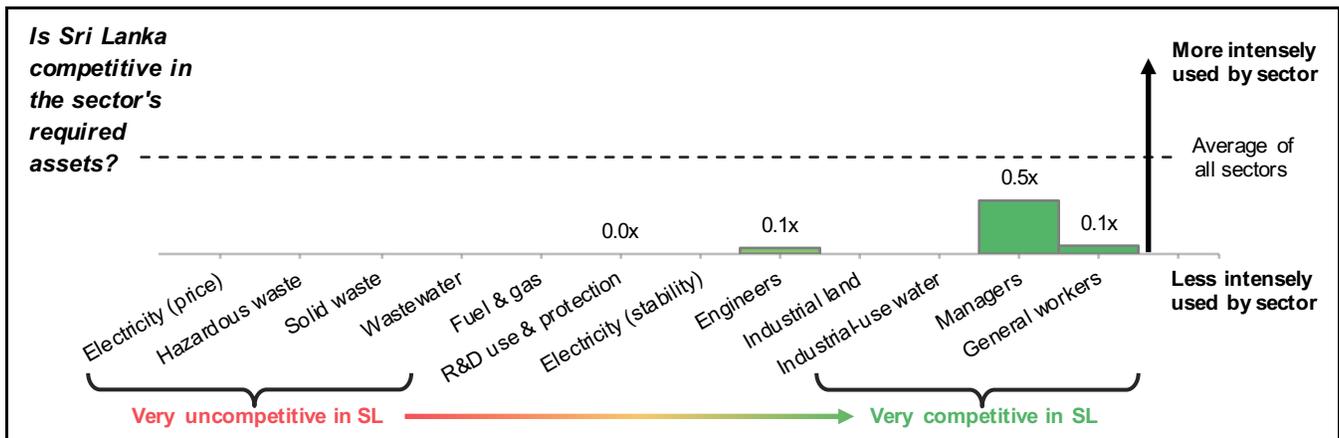


\*High impact, market opportunity, or investor interest » Normal priority for promotion

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***



\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI



# Transportation and storage (logistics)

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.07   | Very low         |
| Jobs per value added (peers; z-score)        | .      | n/a              |
| Wages per value added (USA)                  | 62%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 89     | Average          |
| Average wage rate (peers; z-score)           | .      | n/a              |
| Average wage rate (USA; USD per year)        | 40,366 | Low              |
| Employment for youth (in SL)                 | 26%    | Low              |
| Employment for women (in SL)                 | 4%     | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 3%     | Very low         |
| Employment beyond Western Prov.              | 50%    | High             |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | .      | n/a              |

|  | value   | z-score quintile |
|--|---------|------------------|
| <b>Index 2: Market opportunity</b>         |         |                  |
| <b>2.1 Domestic market opportunity</b>     |         |                  |
| Imports in SL (current, USD mn)            | 1,462   | Very high        |
| Imports in SL (vs global per capita)       | 46%     | Average          |
| Imports in SL (3-year increase, USD mn)    | -1,316  | Very low         |
| <b>2.2 Regional market opportunity</b>     |         |                  |
| Imports in India (current, USD mn)         | 16,338  | High             |
| Imports in India (vs global per capita)    | 8%      | Average          |
| Imports in India (3-year increase, USD mn) | +1,028  | High             |
| Coverage under ISFTA                       | .       | n/a              |
| Imports in China (current, USD mn)         | 96,158  | High             |
| Imports in China (vs global per capita)    | 46%     | High             |
| <b>2.3 World market opportunity</b>        |         |                  |
| Imports globally (current, USD bn)         | 1,039.3 | Very high        |
| Imports globally (3-year increase, USD bn) | +32.5   | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 49    | High             |
| New exporters in SL (>10k USD)                          | .     | n/a              |
| New exporters in SL (>100k USD)                         | .     | n/a              |
| Rate of new vs. consistent exporters                    | .     | n/a              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | .     | n/a              |
| Japan's share of Indian market                          | .     | n/a              |
| Korea's share of Indian market                          | .     | n/a              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 68%   | Low              |
| Exports from India (vs global per capita)               | 11%   | Average          |
| Exports from China (vs global per capita)               | .     | n/a              |

|   | value   | z-score quintile |
|---|---------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |         |                  |
| <b>4.1 Current strength of SL exports</b>     |         |                  |
| Exports from SL (current, USD mn)             | 1,923.2 | Very high        |
| Exports from SL (vs global per capita)        | 71.0%   | High             |
| SL's share of Indian market                   | .       | n/a              |
| <b>4.2 Current strength of SL workforce</b>   |         |                  |
| Current employment in SL                      | 86,073  | High             |
| Worker training in SL                         | 15%     | Low              |
| <b>4.3 Current strength of SL companies</b>   |         |                  |
| Consistent exporters in SL (>100k USD)        | .       | n/a              |
| Consistent exporters in SL (>1mn USD)         | .       | n/a              |
| Consistent exporters in SL (>10mn USD)        | .       | n/a              |
| BOI companies in operation                    | 82      | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | .     | n/a              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | n/a      |
| Energy use (UNIDO estimate)                      | n/a      |
| Energy use (BOI estimate)                        | n/a      |
| Electricity stability required (BOI estimate)    | n/a      |
| Fuel or gas use (BOI estimate)                   | n/a      |
| Industrial water use (BOI estimate)              | n/a      |
| Wastewater production (BOI estimate)             | n/a      |
| Solid waste production (BOI estimate)            | n/a      |
| Hazardous waste production (BOI estimate)        | n/a      |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.5x avg |
| Engineers required (in USA)                      | 0.1x avg |
| General workers required (in SL)                 | 0.1x avg |
| General workers required (in peer countries)     | n/a      |
| Skilled workers required (in SL)                 | 0.7x avg |
| Skilled workers required (in USA)                | 0.7x avg |
| Research & development use (in OECD)             | n/a      |
| Research & development use (in UK)               | 0.0x avg |

## Notes:

Sector defined as ISIC H. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 370.9 | Major exporters (over USD 1mn for 3 years) | n/a    |
| Imports from Sri Lanka (USD mn) | 439.1 | BOI companies in operation                 | 41     |
| World market (USD bn)           | 327.3 | Employment in Sri Lanka                    | 65,081 |

## SECTOR PRIORITIZATION **15th** / 30 full sectors (score = 0.06) **NORMAL PRIORITY\***

### 1 Impact for Sri Lankan economy

| Item                                  | Average   | z-score |
|---------------------------------------|-----------|---------|
| 1.1 Job creation potential            | Low       | -0.3    |
| 1.2 Job quality potential             | Very high | 0.9     |
| 1.3 Potential beyond Western Province | High      | 0.3     |
| 1.4 New linkages potential            | n/a       | n/a     |

### 2 Market opportunity

| Item                            | Average | z-score |
|---------------------------------|---------|---------|
| 2.1 Domestic market opportunity | High    | 0.4     |
| 2.2 Regional market opportunity | Average | 0.1     |
| 2.3 World market opportunity    | Average | 0.1     |

### 3 Investor interest (direct & indirect)

| Item                                  | Average | z-score |
|---------------------------------------|---------|---------|
| 3.1 Investor interest in SL           | Average | 0.0     |
| 3.2 Investors' regional market access | n/a     | n/a     |
| 3.3 Strength in related countries     | Low     | -0.5    |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

z-score

## SECTOR STRATEGY

## EXISTING OR EMERGING\*\*

### 4 Current strength in Sri Lanka

| Item                                 | Average | z-score |
|--------------------------------------|---------|---------|
| 4.1 Current strength of SL exports   | Average | 0.2     |
| 4.2 Current strength of SL workforce | High    | 0.7     |
| 4.3 Current strength of SL companies | Average | 0.0     |

### 5 Current know-how in Sri Lanka

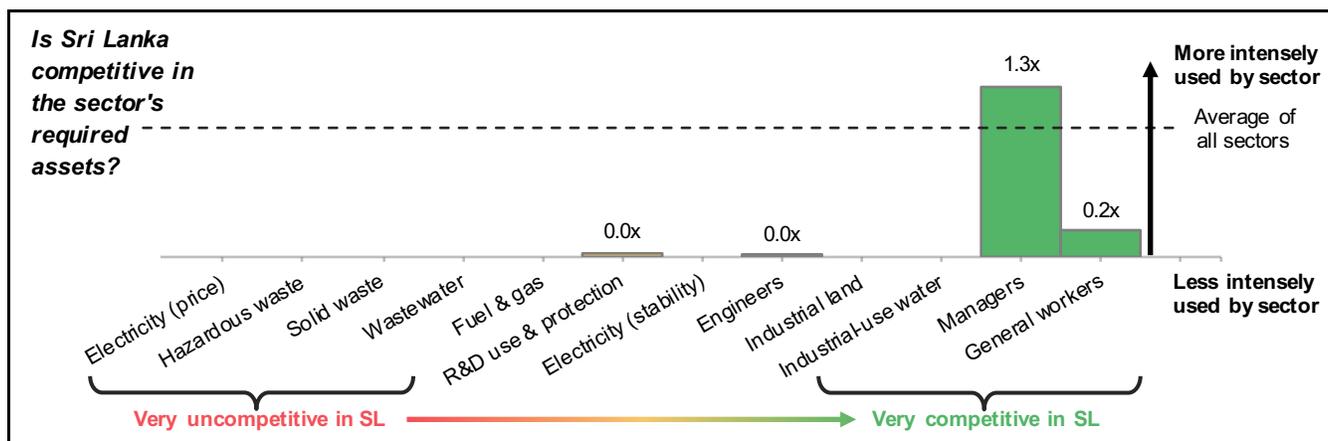
| Item                             | Average | z-score |
|----------------------------------|---------|---------|
| 5.1 Strength in related products | n/a     | n/a     |

### 6 Hard & soft asset competitiveness

| Item  | Average   | z-score |
|---|-----------|---------|
| 6.1 Competitiveness of required hard assets | n/a       | n/a     |
| 6.2 Competitiveness of required soft assets | Very high | 1.0     |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Finance and insurance

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.16   | Very low         |
| Jobs per value added (peers; z-score)        | .      | n/a              |
| Wages per value added (USA)                  | 67%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 130    | Very high        |
| Average wage rate (peers; z-score)           | .      | n/a              |
| Average wage rate (USA; USD per year)        | 60,020 | Very high        |
| Employment for youth (in SL)                 | 44%    | Very high        |
| Employment for women (in SL)                 | 43%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | .      | n/a              |
| Employment beyond Western Prov.              | 52%    | High             |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | .      | n/a              |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 439    | Average          |
| Imports in SL (vs global per capita)       | 63%    | High             |
| Imports in SL (3-year increase, USD mn)    | +181   | High             |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 4,844  | Average          |
| Imports in India (vs global per capita)    | 10%    | Average          |
| Imports in India (3-year increase, USD mn) | -4,912 | Very low         |
| Coverage under ISFTA                       | .      | n/a              |
| Imports in China (current, USD mn)         | 27,394 | Average          |
| Imports in China (vs global per capita)    | 56%    | High             |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 327.3  | Average          |
| Imports globally (3-year increase, USD bn) | +30.1  | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 38    | Average          |
| New exporters in SL (>10k USD)                          | .     | n/a              |
| New exporters in SL (>100k USD)                         | .     | n/a              |
| Rate of new vs. consistent exporters                    | .     | n/a              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | .     | n/a              |
| Japan's share of Indian market                          | .     | n/a              |
| Korea's share of Indian market                          | .     | n/a              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 26%   | Very low         |
| Exports from India (vs global per capita)               | 10%   | Average          |
| Exports from China (vs global per capita)               | .     | n/a              |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 370.9  | High             |
| Exports from SL (vs global per capita)        | 32.5%  | Average          |
| SL's share of Indian market                   | .      | n/a              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 65,081 | High             |
| Worker training in SL                         | 35%    | Very high        |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | .      | n/a              |
| Consistent exporters in SL (>1mn USD)         | .      | n/a              |
| Consistent exporters in SL (>10mn USD)        | .      | n/a              |
| BOI companies in operation                    | 41     | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | .     | n/a              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | n/a      |
| Energy use (UNIDO estimate)                      | n/a      |
| Energy use (BOI estimate)                        | n/a      |
| Electricity stability required (BOI estimate)    | n/a      |
| Fuel or gas use (BOI estimate)                   | n/a      |
| Industrial water use (BOI estimate)              | n/a      |
| Wastewater production (BOI estimate)             | n/a      |
| Solid waste production (BOI estimate)            | n/a      |
| Hazardous waste production (BOI estimate)        | n/a      |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.3x avg |
| Engineers required (in USA)                      | 0.0x avg |
| General workers required (in SL)                 | 0.2x avg |
| General workers required (in peer countries)     | n/a      |
| Skilled workers required (in SL)                 | 4.3x avg |
| Skilled workers required (in USA)                | 1.9x avg |
| Research & development use (in OECD)             | n/a      |
| Research & development use (in UK)               | 0.0x avg |

## Notes:

Sector defined as ISIC K. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Rubber and plastics products

Full sector

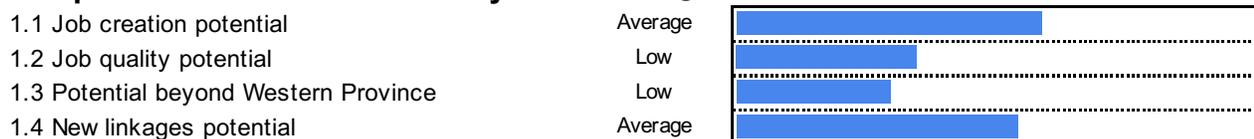
## Key statistics (2015-2016)

|                                 |         |  |        |
|---------------------------------|---------|--|--------|
| Exports from Sri Lanka (USD mn) | 1,043.9 | Major exporters (over USD 1mn for 3 years) | 45     |
| Imports from Sri Lanka (USD mn) | 445.6   | BOI companies in operation                 | 104    |
| World market (USD bn)           | 449.1   | Employment in Sri Lanka                    | 38,216 |

## SECTOR PRIORITIZATION **16th** / 30 full sectors (score = 0.04) **NORMAL PRIORITY\***

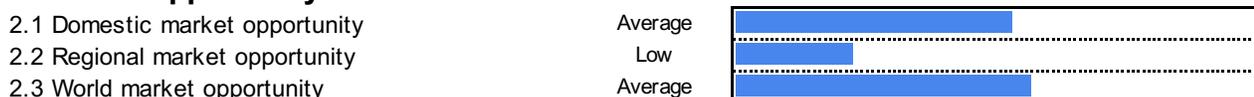
### 1 Impact for Sri Lankan economy

**Average** -0.1



### 2 Market opportunity

**Low** -0.3



### 3 Investor interest (direct & indirect)

**High** 0.5



\*High impact, market opportunity, or investor interest » Normal priority for promotion

z-score

## SECTOR STRATEGY **EXISTING OR EMERGING, ASSET IMPROVEMENTS NEEDED\*\***

### 4 Current strength in Sri Lanka

**High** 0.5



### 5 Current know-how in Sri Lanka

**Average** 0.0



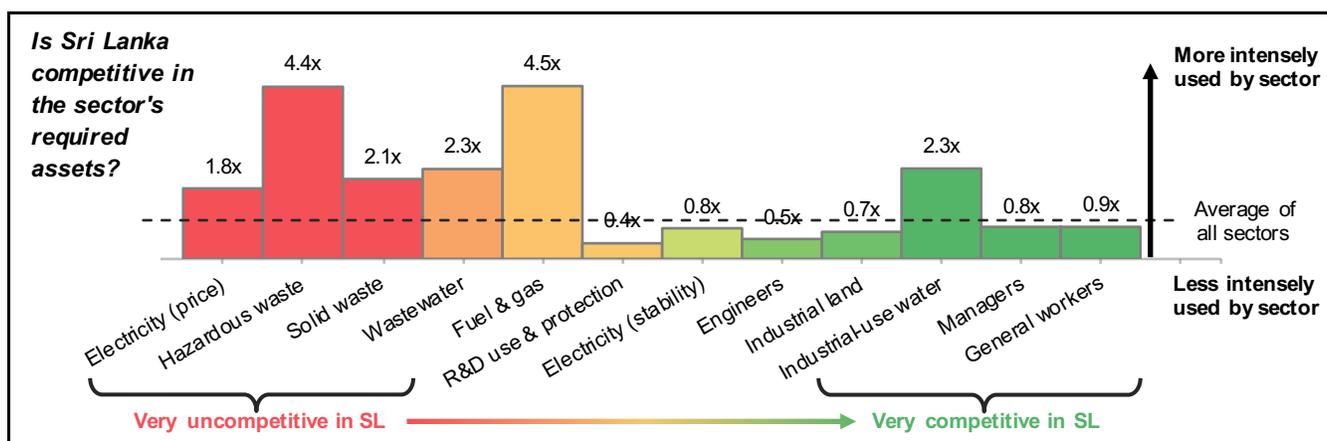
### 6 Hard & soft asset competitiveness

**Low** -0.3



\*\*Strong or emerging, but SL lacks needed assets » Promote existing firms, upgrade infrastructure & skills

z-score



# Rubber and plastics products

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.51   | Low              |
| Jobs per value added (peers; z-score)        | 0.17   | High             |
| Wages per value added (USA)                  | 73%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 67     | Low              |
| Average wage rate (peers; z-score)           | -0.25  | Low              |
| Average wage rate (USA; USD per year)        | 40,882 | Low              |
| Employment for youth (in SL)                 | 22%    | Low              |
| Employment for women (in SL)                 | 34%    | Average          |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 15%    | Low              |
| Employment beyond Western Prov.              | 30%    | Low              |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.09   | Average          |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 446    | Average          |
| Imports in SL (vs global per capita)       | 34%    | Average          |
| Imports in SL (3-year increase, USD mn)    | +62    | Average          |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 3,820  | Average          |
| Imports in India (vs global per capita)    | 5%     | Low              |
| Imports in India (3-year increase, USD mn) | +394   | Average          |
| Coverage under ISFTA                       | 20%    | Very low         |
| Imports in China (current, USD mn)         | 20,717 | Average          |
| Imports in China (vs global per capita)    | 24%    | Low              |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 449.1  | High             |
| Imports globally (3-year increase, USD bn) | +24.7  | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 38    | Average          |
| New exporters in SL (>10k USD)                          | 279   | High             |
| New exporters in SL (>100k USD)                         | 118   | High             |
| Rate of new vs. consistent exporters                    | 1.5   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 30%   | High             |
| Japan's share of Indian market                          | 7%    | Very high        |
| Korea's share of Indian market                          | 6%    | High             |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 273%  | Very high        |
| Exports from India (vs global per capita)               | 7%    | Low              |
| Exports from China (vs global per capita)               | 94%   | High             |

|   | value   | z-score quintile |
|---|---------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |         |                  |
| <b>4.1 Current strength of SL exports</b>     |         |                  |
| Exports from SL (current, USD mn)             | 1,043.9 | Very high        |
| Exports from SL (vs global per capita)        | 80.3%   | High             |
| SL's share of Indian market                   | 0.88%   | Average          |
| <b>4.2 Current strength of SL workforce</b>   |         |                  |
| Current employment in SL                      | 38,216  | High             |
| Worker training in SL                         | 13%     | Low              |
| <b>4.3 Current strength of SL companies</b>   |         |                  |
| Consistent exporters in SL (>100k USD)        | 80      | High             |
| Consistent exporters in SL (>1mn USD)         | 45      | High             |
| Consistent exporters in SL (>10mn USD)        | 14      | High             |
| BOI companies in operation                    | 104     | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.03 | Average          |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 3.0x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 4.5x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 2.1x avg |
| Hazardous waste production (BOI estimate)        | 4.4x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.8x avg |
| Engineers required (in USA)                      | 0.5x avg |
| General workers required (in SL)                 | 0.6x avg |
| General workers required (in peer countries)     | 1.1x avg |
| Skilled workers required (in SL)                 | 0.8x avg |
| Skilled workers required (in USA)                | 0.7x avg |
| Research & development use (in OECD)             | 0.6x avg |
| Research & development use (in UK)               | 0.2x avg |

## Notes:

Sector defined as ISIC C22. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Pharmaceutical products

Full sector

## Key statistics (2015-2016)

|                                 |       |  |       |
|---------------------------------|-------|--|-------|
| Exports from Sri Lanka (USD mn) | 8.4   | Major exporters (over USD 1mn for 3 years) | 0     |
| Imports from Sri Lanka (USD mn) | 398.2 | BOI companies in operation                 | 8     |
| World market (USD bn)           | 601.0 | Employment in Sri Lanka                    | 5,025 |

## SECTOR PRIORITIZATION **17th** / 30 full sectors (score = 0.03) **NORMAL PRIORITY\***

| Category   | Priority         | z-score |
|--|------------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>High</b>      | 0.3     |
| 1.1 Job creation potential                         | Low              | -0.3    |
| 1.2 Job quality potential                          | Average          | 0.2     |
| 1.3 Potential beyond Western Province              | Low              | -0.7    |
| 1.4 New linkages potential                         | <b>Very high</b> | >1.2    |
| <b>2 Market opportunity</b>                        | <b>High</b>      | 0.3     |
| 2.1 Domestic market opportunity                    | Average          | -0.1    |
| 2.2 Regional market opportunity                    | Average          | 0.1     |
| 2.3 World market opportunity                       | <b>High</b>      | 0.5     |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Low</b>       | -0.5    |
| 3.1 Investor interest in SL                        | Low              | -0.8    |
| 3.2 Investors' regional market access              | Average          | -0.1    |
| 3.3 Strength in related countries                  | Low              | -0.7    |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

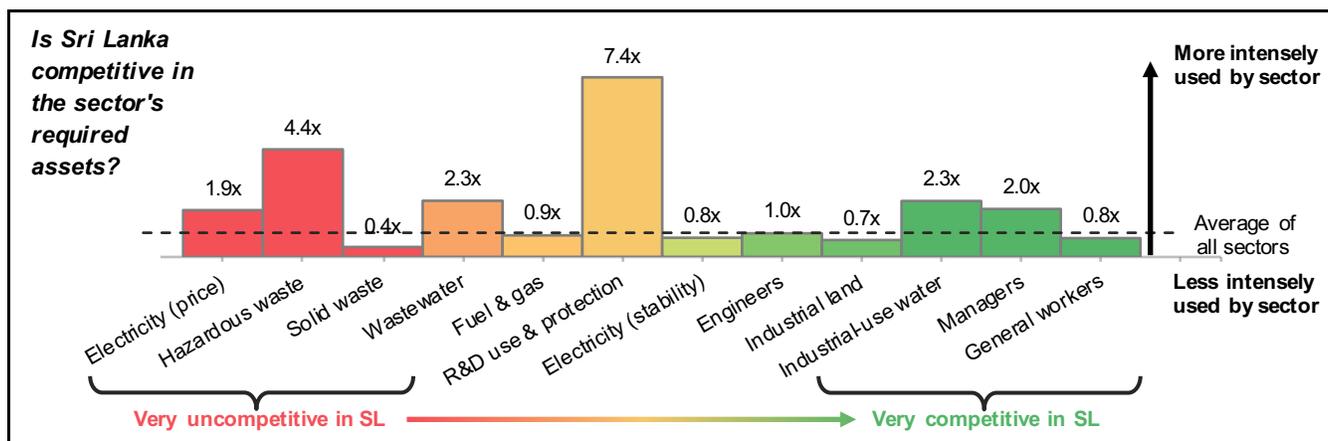
z-score

## SECTOR STRATEGY **KNOWHOW NEEDED\*\***

|  |                 |       |
|--|-----------------|-------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Low</b>      | -0.8  |
| 4.1 Current strength of SL exports             | Very low        | -1.0  |
| 4.2 Current strength of SL workforce           | Low             | -0.7  |
| 4.3 Current strength of SL companies           | Low             | -0.6  |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Very low</b> | <-1.2 |
| 5.1 Strength in related products               | Very low        | <-1.2 |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Average</b>  | -0.2  |
| 6.1 Competitiveness of required hard assets    | Low             | -0.6  |
| 6.2 Competitiveness of required soft assets    | <b>High</b>     | 0.4   |

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Pharmaceutical products

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.46   | Low              |
| Jobs per value added (peers; z-score)        | -0.22  | Average          |
| Wages per value added (USA)                  | 54%    | Low              |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 98     | High             |
| Average wage rate (peers; z-score)           | 0.63   | High             |
| Average wage rate (USA; USD per year)        | 69,954 | Very high        |
| Employment for youth (in SL)                 | 16%    | Very low         |
| Employment for women (in SL)                 | 48%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 20%    | Low              |
| Employment beyond Western Prov.              | 17%    | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 1.25   | Very high        |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 398    | Average          |
| Imports in SL (vs global per capita)       | 23%    | Low              |
| Imports in SL (3-year increase, USD mn)    | +44    | Average          |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 4,269  | Average          |
| Imports in India (vs global per capita)    | 4%     | Low              |
| Imports in India (3-year increase, USD mn) | +437   | Average          |
| Coverage under ISFTA                       | 100%   | High             |
| Imports in China (current, USD mn)         | 17,531 | Average          |
| Imports in China (vs global per capita)    | 15%    | Low              |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 601.0  | High             |
| Imports globally (3-year increase, USD bn) | +46.9  | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 17    | Low              |
| New exporters in SL (>10k USD)                          | 32    | Low              |
| New exporters in SL (>100k USD)                         | 6     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Very low         |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 44%   | Very high        |
| Japan's share of Indian market                          | 1%    | Low              |
| Korea's share of Indian market                          | 2%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 12%   | Very low         |
| Exports from India (vs global per capita)               | 16%   | Average          |
| Exports from China (vs global per capita)               | 17%   | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 8.4   | Very low         |
| Exports from SL (vs global per capita)        | 0.5%  | Low              |
| SL's share of Indian market                   | 0.01% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 5,025 | Very low         |
| Worker training in SL                         | 27%   | High             |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 6     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 8     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -1.33 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 3.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 4.4x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 2.0x avg |
| Engineers required (in USA)                      | 1.0x avg |
| General workers required (in SL)                 | 0.6x avg |
| General workers required (in peer countries)     | 1.0x avg |
| Skilled workers required (in SL)                 | 3.6x avg |
| Skilled workers required (in USA)                | 1.8x avg |
| Research & development use (in OECD)             | 5.2x avg |
| Research & development use (in UK)               | 9.6x avg |

## Notes:

Sector defined as ISIC C21. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Refined petroleum and coke products

Full sector

## Key statistics (2015-2016)

|                                 |         |  |     |
|---------------------------------|---------|--|-----|
| Exports from Sri Lanka (USD mn) | 86.6    | Major exporters (over USD 1mn for 3 years) | 0   |
| Imports from Sri Lanka (USD mn) | 2,854.8 | BOI companies in operation                 | 1   |
| World market (USD bn)           | 966.4   | Employment in Sri Lanka                    | 233 |

## SECTOR PRIORITIZATION **18th** / 30 full sectors (score = 0.02) **NORMAL PRIORITY\***

| Category   | Assessment       | Z-score |
|--|------------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Average</b>   | -0.2    |
| 1.1 Job creation potential                         | Very low         | <-1.2   |
| 1.2 Job quality potential                          | <b>High</b>      | 0.8     |
| 1.3 Potential beyond Western Province              | <b>Very high</b> | 1.0     |
| 1.4 New linkages potential                         | Low              | -0.4    |
| <b>2 Market opportunity</b>                        | <b>High</b>      | 0.5     |
| 2.1 Domestic market opportunity                    | <b>Very high</b> | >1.2    |
| 2.2 Regional market opportunity                    | <b>High</b>      | 0.4     |
| 2.3 World market opportunity                       | <b>High</b>      | 0.4     |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Average</b>   | -0.2    |
| 3.1 Investor interest in SL                        | Low              | -0.5    |
| 3.2 Investors' regional market access              | Low              | -0.3    |
| 3.3 Strength in related countries                  | <b>High</b>      | 0.3     |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

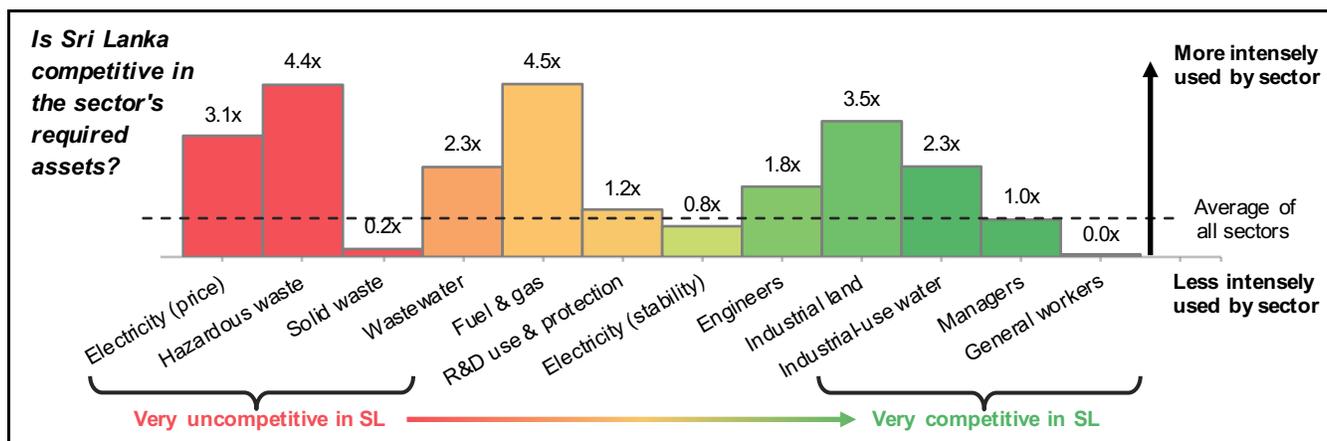
z-score

## SECTOR STRATEGY **IMPROVEMENTS NEEDED\*\***

|  |                 |       |
|--|-----------------|-------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Very low</b> | -1.1  |
| 4.1 Current strength of SL exports             | Low             | -0.4  |
| 4.2 Current strength of SL workforce           | Very low        | <-1.2 |
| 4.3 Current strength of SL companies           | Low             | -0.6  |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Low</b>      | -0.4  |
| 5.1 Strength in related products               | Low             | -0.4  |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Low</b>      | -0.3  |
| 6.1 Competitiveness of required hard assets    | Low             | -0.5  |
| 6.2 Competitiveness of required soft assets    | <b>High</b>     | 0.4   |

\*\*Less current potential, and SL lacks the needed hard or soft assets » Upgrade infrastructure or skills

z-score



# Refined petroleum and coke products

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.00   | Very low         |
| Jobs per value added (peers; z-score)        | -3.62  | Very low         |
| Wages per value added (USA)                  | 60%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 132    | Very high        |
| Average wage rate (peers; z-score)           | 2.40   | Very high        |
| Average wage rate (USA; USD per year)        | 82,528 | Very high        |
| Employment for youth (in SL)                 | .      | n/a              |
| Employment for women (in SL)                 | 16%    | Low              |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 60%    | Very high        |
| Employment beyond Western Prov.              | 59%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -0.45  | Low              |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 2,855  | Very high        |
| Imports in SL (vs global per capita)       | 102%   | Very high        |
| Imports in SL (3-year increase, USD mn)    | +441   | Very high        |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 14,393 | High             |
| Imports in India (vs global per capita)    | 8%     | Average          |
| Imports in India (3-year increase, USD mn) | +450   | Average          |
| Coverage under ISFTA                       | 100%   | High             |
| Imports in China (current, USD mn)         | 33,159 | High             |
| Imports in China (vs global per capita)    | 18%    | Low              |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 966.4  | Very high        |
| Imports globally (3-year increase, USD bn) | -32.1  | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 7     | Low              |
| New exporters in SL (>10k USD)                          | 1     | Very low         |
| New exporters in SL (>100k USD)                         | 0     | Low              |
| Rate of new vs. consistent exporters                    | .     | n/a              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 4%    | Very low         |
| Japan's share of Indian market                          | 1%    | Low              |
| Korea's share of Indian market                          | 6%    | High             |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 247%  | High             |
| Exports from India (vs global per capita)               | 31%   | Very high        |
| Exports from China (vs global per capita)               | 11%   | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 86.6  | Low              |
| Exports from SL (vs global per capita)        | 3.1%  | Low              |
| SL's share of Indian market                   | 0.17% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 233   | Very low         |
| Worker training in SL                         | .     | n/a              |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 0     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 1     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.37 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 3.5x avg |
| Energy use (UNIDO estimate)                      | 3.3x avg |
| Energy use (BOI estimate)                        | 3.0x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 4.5x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.2x avg |
| Hazardous waste production (BOI estimate)        | 4.4x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.0x avg |
| Engineers required (in USA)                      | 1.8x avg |
| General workers required (in SL)                 | 0.0x avg |
| General workers required (in peer countries)     | 0.0x avg |
| Skilled workers required (in SL)                 | n/a      |
| Skilled workers required (in USA)                | 1.4x avg |
| Research & development use (in OECD)             | 0.5x avg |
| Research & development use (in UK)               | 1.9x avg |

## Notes:

Sector defined as ISIC C19. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Education

Full sector

## Key statistics (2015-2016)

|                                 |      |  |         |
|---------------------------------|------|--|---------|
| Exports from Sri Lanka (USD mn) | n/a  | Major exporters (over USD 1mn for 3 years) | n/a     |
| Imports from Sri Lanka (USD mn) | n/a  | BOI companies in operation                 | 16      |
| World market (USD bn)           | 49.0 | Employment in Sri Lanka                    | 194,396 |

## SECTOR PRIORITIZATION **19th** / 30 full sectors (score = 0.02) **NORMAL PRIORITY\***

| Category   | Impact         | z-score |
|--|----------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>High</b>    | 0.6     |
| 1.1 Job creation potential                         | Very high      | >1.2    |
| 1.2 Job quality potential                          | High           | 0.6     |
| 1.3 Potential beyond Western Province              | High           | 0.3     |
| 1.4 New linkages potential                         | n/a            | n/a     |
| <b>2 Market opportunity</b>                        | <b>Low</b>     | -0.4    |
| 2.1 Domestic market opportunity                    | n/a            | n/a     |
| 2.2 Regional market opportunity                    | Average        | 0.1     |
| 2.3 World market opportunity                       | Very low       | -1.1    |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Average</b> | -0.1    |
| 3.1 Investor interest in SL                        | Average        | 0.0     |
| 3.2 Investors' regional market access              | n/a            | n/a     |
| 3.3 Strength in related countries                  | Average        | -0.2    |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

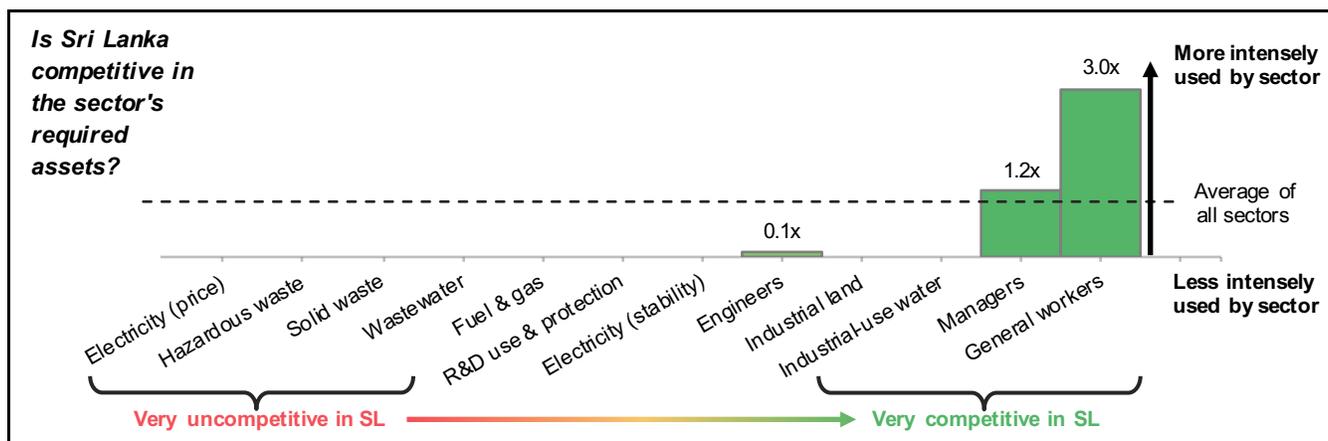
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***

| Category                                       | Competitiveness  | z-score |
|--|------------------|---------|
| <b>4 Current strength in Sri Lanka</b>         | <b>High</b>      | 0.5     |
| 4.1 Current strength of SL exports             | n/a              | n/a     |
| 4.2 Current strength of SL workforce           | Very high        | >1.2    |
| 4.3 Current strength of SL companies           | Average          | -0.1    |
| <b>5 Current know-how in Sri Lanka</b>         | <b>n/a</b>       |         |
| 5.1 Strength in related products               | n/a              | n/a     |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Very high</b> | 1.1     |
| 6.1 Competitiveness of required hard assets    | n/a              | n/a     |
| 6.2 Competitiveness of required soft assets    | Very high        | 1.1     |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Education

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 2.40   | Very high        |
| Jobs per value added (peers; z-score)        | .      | n/a              |
| Wages per value added (USA)                  | 92%    | Very high        |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 162    | Very high        |
| Average wage rate (peers; z-score)           | .      | n/a              |
| Average wage rate (USA; USD per year)        | 37,000 | Low              |
| Employment for youth (in SL)                 | 21%    | Low              |
| Employment for women (in SL)                 | 71%    | Very high        |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 15%    | Low              |
| Employment beyond Western Prov.              | 64%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | .      | n/a              |

|  | value   | z-score quintile |
|--|---------|------------------|
| <b>Index 2: Market opportunity</b>         |         |                  |
| <b>2.1 Domestic market opportunity</b>     |         |                  |
| Imports in SL (current, USD mn)            | .       | n/a              |
| Imports in SL (vs global per capita)       | .       | n/a              |
| Imports in SL (3-year increase, USD mn)    | .       | n/a              |
| <b>2.2 Regional market opportunity</b>     |         |                  |
| Imports in India (current, USD mn)         | 1,400   | Low              |
| Imports in India (vs global per capita)    | 15%     | High             |
| Imports in India (3-year increase, USD mn) | +1,045  | High             |
| Coverage under ISFTA                       | .       | n/a              |
| Imports in China (current, USD mn)         | 873,000 | Very high        |
| Imports in China (vs global per capita)    | 9%      | Low              |
| <b>2.3 World market opportunity</b>        |         |                  |
| Imports globally (current, USD bn)         | 49.0    | Very low         |
| Imports globally (3-year increase, USD bn) | +8.9    | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 24    | Average          |
| New exporters in SL (>10k USD)                          | .     | n/a              |
| New exporters in SL (>100k USD)                         | .     | n/a              |
| Rate of new vs. consistent exporters                    | .     | n/a              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | .     | n/a              |
| Japan's share of Indian market                          | .     | n/a              |
| Korea's share of Indian market                          | .     | n/a              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 64%   | Low              |
| Exports from India (vs global per capita)               | 18%   | Average          |
| Exports from China (vs global per capita)               | .     | n/a              |

|   | value   | z-score quintile |
|---|---------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |         |                  |
| <b>4.1 Current strength of SL exports</b>     |         |                  |
| Exports from SL (current, USD mn)             | .       | n/a              |
| Exports from SL (vs global per capita)        | .       | n/a              |
| SL's share of Indian market                   | .       | n/a              |
| <b>4.2 Current strength of SL workforce</b>   |         |                  |
| Current employment in SL                      | 194,396 | Very high        |
| Worker training in SL                         | 43%     | Very high        |
| <b>4.3 Current strength of SL companies</b>   |         |                  |
| Consistent exporters in SL (>100k USD)        | .       | n/a              |
| Consistent exporters in SL (>1mn USD)         | .       | n/a              |
| Consistent exporters in SL (>10mn USD)        | .       | n/a              |
| BOI companies in operation                    | 16      | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | .     | n/a              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | n/a      |
| Energy use (UNIDO estimate)                      | n/a      |
| Energy use (BOI estimate)                        | n/a      |
| Electricity stability required (BOI estimate)    | n/a      |
| Fuel or gas use (BOI estimate)                   | n/a      |
| Industrial water use (BOI estimate)              | n/a      |
| Wastewater production (BOI estimate)             | n/a      |
| Solid waste production (BOI estimate)            | n/a      |
| Hazardous waste production (BOI estimate)        | n/a      |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.2x avg |
| Engineers required (in USA)                      | 0.1x avg |
| General workers required (in SL)                 | 3.0x avg |
| General workers required (in peer countries)     | n/a      |
| Skilled workers required (in SL)                 | 4.9x avg |
| Skilled workers required (in USA)                | 2.8x avg |
| Research & development use (in OECD)             | n/a      |
| Research & development use (in UK)               | n/a      |

## Notes:

Sector defined as ISIC P. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Ships, motorcycles, bicycles, aircraft, rail

Full sector

## Key statistics (2015-2016)

|                                 |         |  |       |
|---------------------------------|---------|--|-------|
| Exports from Sri Lanka (USD mn) | 91.0    | Major exporters (over USD 1mn for 3 years) | 7     |
| Imports from Sri Lanka (USD mn) | 2,885.2 | BOI companies in operation                 | 12    |
| World market (USD bn)           | 541.1   | Employment in Sri Lanka                    | 5,728 |

## SECTOR PRIORITIZATION 20th / 30 full sectors (score = 0.01) NORMAL PRIORITY\*

| Category   | Average        | z-score |
|--|----------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Average</b> | 0.1     |
| 1.1 Job creation potential                         | High           | 0.6     |
| 1.2 Job quality potential                          | High           | 0.3     |
| 1.3 Potential beyond Western Province              | Very low       | <-1.2   |
| 1.4 New linkages potential                         | High           | 0.4     |
| <b>2 Market opportunity</b>                        | <b>High</b>    | 0.4     |
| 2.1 Domestic market opportunity                    | Very high      | >1.2    |
| 2.2 Regional market opportunity                    | Average        | 0.2     |
| 2.3 World market opportunity                       | High           | 0.3     |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Low</b>     | -0.6    |
| 3.1 Investor interest in SL                        | Low            | -0.7    |
| 3.2 Investors' regional market access              | Low            | -0.5    |
| 3.3 Strength in related countries                  | Low            | -0.6    |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

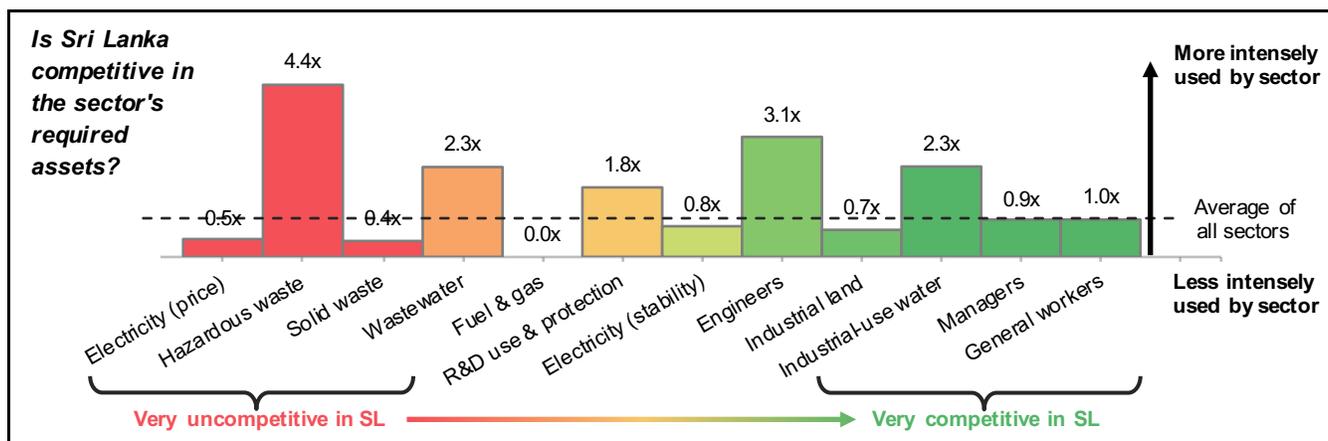
z-score

## SECTOR STRATEGY KNOWHOW NEEDED\*\*

|  |                |      |
|--|----------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Low</b>     | -0.6 |
| 4.1 Current strength of SL exports             | Low            | -0.4 |
| 4.2 Current strength of SL workforce           | Low            | -0.8 |
| 4.3 Current strength of SL companies           | Low            | -0.4 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Low</b>     | -0.7 |
| 5.1 Strength in related products               | Low            | -0.7 |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Average</b> | 0.1  |
| 6.1 Competitiveness of required hard assets    | Low            | -0.3 |
| 6.2 Competitiveness of required soft assets    | High           | 0.5  |

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Ships, motorcycles, bicycles, aircraft, rail

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | -0.29  | Average          |
| Wages per value added (USA)                  | 92%    | Very high        |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 63     | Very low         |
| Average wage rate (peers; z-score)           | 0.48   | High             |
| Average wage rate (USA; USD per year)        | 56,877 | High             |
| Employment for youth (in SL)                 | 47%    | Very high        |
| Employment for women (in SL)                 | 19%    | Low              |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 11%    | Low              |
| Employment beyond Western Prov.              | 5%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.42   | High             |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 2,885  | Very high        |
| Imports in SL (vs global per capita)       | 184%   | Very high        |
| Imports in SL (3-year increase, USD mn)    | +2,100 | Very high        |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 6,012  | High             |
| Imports in India (vs global per capita)    | 6%     | Low              |
| Imports in India (3-year increase, USD mn) | +446   | Average          |
| Coverage under ISFTA                       | 100%   | High             |
| Imports in China (current, USD mn)         | 37,190 | High             |
| Imports in China (vs global per capita)    | 36%    | Average          |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 541.1  | High             |
| Imports globally (3-year increase, USD bn) | +27.3  | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 14    | Low              |
| New exporters in SL (>10k USD)                          | 33    | Low              |
| New exporters in SL (>100k USD)                         | 18    | Low              |
| Rate of new vs. consistent exporters                    | 1.2   | Very low         |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 9%    | Low              |
| Japan's share of Indian market                          | 1%    | Low              |
| Korea's share of Indian market                          | 3%    | Average          |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 60%   | Very low         |
| Exports from India (vs global per capita)               | 11%   | Average          |
| Exports from China (vs global per capita)               | 32%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 91.0  | Low              |
| Exports from SL (vs global per capita)        | 5.8%  | Low              |
| SL's share of Indian market                   | 0.13% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 5,728 | Very low         |
| Worker training in SL                         | 12%   | Low              |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 15    | Low              |
| Consistent exporters in SL (>1mn USD)         | 7     | Low              |
| Consistent exporters in SL (>10mn USD)        | 2     | Average          |
| BOI companies in operation                    | 12    | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.69 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 4.4x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.9x avg |
| Engineers required (in USA)                      | 3.1x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 0.9x avg |
| Skilled workers required (in SL)                 | 0.3x avg |
| Skilled workers required (in USA)                | 1.3x avg |
| Research & development use (in OECD)             | 2.3x avg |
| Research & development use (in UK)               | 1.3x avg |

## Notes:

Sector defined as ISIC C30. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Wearing apparel

Full sector

## Key statistics (2015-2016)

|                                 |         |  |         |
|---------------------------------|---------|--|---------|
| Exports from Sri Lanka (USD mn) | 5,271.2 | Major exporters (over USD 1mn for 3 years) | 145     |
| Imports from Sri Lanka (USD mn) | 844.1   | BOI companies in operation                 | 277     |
| World market (USD bn)           | 465.9   | Employment in Sri Lanka                    | 393,434 |

## SECTOR PRIORITIZATION **21st** / 30 full sectors (score = 0.00) LOWER PRIORITY\*

| Category   | Quality        | z-score |
|--|----------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Average</b> | 0.0     |
| 1.1 Job creation potential                         | Very high      | >1.2    |
| 1.2 Job quality potential                          | High           | 0.3     |
| 1.3 Potential beyond Western Province              | High           | 0.4     |
| 1.4 New linkages potential                         | Very low       | <-1.2   |
| <b>2 Market opportunity</b>                        | <b>Low</b>     | -0.4    |
| 2.1 Domestic market opportunity                    | High           | 0.4     |
| 2.2 Regional market opportunity                    | Very low       | -1.1    |
| 2.3 World market opportunity                       | High           | 0.3     |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>High</b>    | 0.5     |
| 3.1 Investor interest in SL                        | High           | 0.8     |
| 3.2 Investors' regional market access              | Average        | -0.1    |
| 3.3 Strength in related countries                  | Very high      | 0.9     |

\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

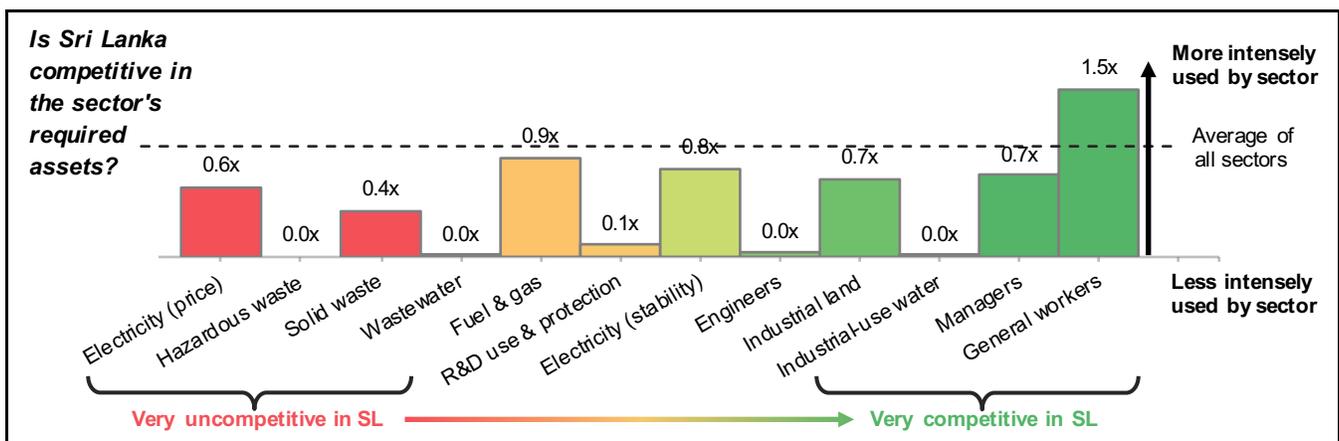
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***

|  |                  |      |
|--|------------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Very high</b> | >1.2 |
| 4.1 Current strength of SL exports             | Very high        | >1.2 |
| 4.2 Current strength of SL workforce           | Very high        | >1.2 |
| 4.3 Current strength of SL companies           | Very high        | >1.2 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Very high</b> | >1.2 |
| 5.1 Strength in related products               | Very high        | >1.2 |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>High</b>      | 0.3  |
| 6.1 Competitiveness of required hard assets    | Low              | -0.5 |
| 6.2 Competitiveness of required soft assets    | Very high        | 1.1  |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Wearing apparel

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.30   | Very high        |
| Jobs per value added (peers; z-score)        | 1.32   | Very high        |
| Wages per value added (USA)                  | 83%    | Very high        |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 68     | Low              |
| Average wage rate (peers; z-score)           | -1.03  | Very low         |
| Average wage rate (USA; USD per year)        | 30,891 | Very low         |
| Employment for youth (in SL)                 | 44%    | Very high        |
| Employment for women (in SL)                 | 70%    | Very high        |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 44%    | High             |
| Employment beyond Western Prov.              | 46%    | Average          |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.31  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 844   | High             |
| Imports in SL (vs global per capita)       | 63%   | High             |
| Imports in SL (3-year increase, USD mn)    | +71   | Average          |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 1,182 | Low              |
| Imports in India (vs global per capita)    | 1%    | Very low         |
| Imports in India (3-year increase, USD mn) | +450  | Average          |
| Coverage under ISFTA                       | 5%    | Very low         |
| Imports in China (current, USD mn)         | 6,419 | Low              |
| Imports in China (vs global per capita)    | 7%    | Very low         |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 465.9 | High             |
| Imports globally (3-year increase, USD bn) | +35.0 | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 76    | High             |
| New exporters in SL (>10k USD)                          | 437   | Very high        |
| New exporters in SL (>100k USD)                         | 279   | Very high        |
| Rate of new vs. consistent exporters                    | 1.2   | Very low         |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 59%   | Very high        |
| Japan's share of Indian market                          | 0%    | Low              |
| Korea's share of Indian market                          | 1%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 180%  | Average          |
| Exports from India (vs global per capita)               | 23%   | High             |
| Exports from China (vs global per capita)               | 201%  | Very high        |

|   | value   | z-score quintile |
|---|---------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |         |                  |
| <b>4.1 Current strength of SL exports</b>     |         |                  |
| Exports from SL (current, USD mn)             | 5,271.2 | Very high        |
| Exports from SL (vs global per capita)        | 390.9%  | Very high        |
| SL's share of Indian market                   | 5.58%   | Very high        |
| <b>4.2 Current strength of SL workforce</b>   |         |                  |
| Current employment in SL                      | 393,434 | Very high        |
| Worker training in SL                         | 15%     | Low              |
| <b>4.3 Current strength of SL companies</b>   |         |                  |
| Consistent exporters in SL (>100k USD)        | 227     | Very high        |
| Consistent exporters in SL (>1mn USD)         | 145     | Very high        |
| Consistent exporters in SL (>10mn USD)        | 56      | Very high        |
| BOI companies in operation                    | 277     | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 2.62  | Very high        |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.7x avg |
| Engineers required (in USA)                      | 0.0x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | 1.4x avg |
| Skilled workers required (in SL)                 | 1.1x avg |
| Skilled workers required (in USA)                | 0.7x avg |
| Research & development use (in OECD)             | 0.2x avg |
| Research & development use (in UK)               | 0.0x avg |

## Notes:

Sector defined as ISIC C14. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Footwear, leather, travel goods and related

Full sector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 63.2  | Major exporters (over USD 1mn for 3 years) | 2      |
| Imports from Sri Lanka (USD mn) | 60.3  | BOI companies in operation                 | 11     |
| World market (USD bn)           | 222.4 | Employment in Sri Lanka                    | 20,502 |

## SECTOR PRIORITIZATION **22nd** / 30 full sectors (score = 0.00) **LOWER PRIORITY\***

| Category   | Average        | z-score |
|--|----------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Average</b> | 0.0     |
| 1.1 Job creation potential                         | Very high      | 1.1     |
| 1.2 Job quality potential                          | Average        | 0.1     |
| 1.3 Potential beyond Western Province              | Average        | -0.2    |
| 1.4 New linkages potential                         | Low            | -0.8    |
| <b>2 Market opportunity</b>                        | <b>Average</b> | -0.1    |
| 2.1 Domestic market opportunity                    | Low            | -0.7    |
| 2.2 Regional market opportunity                    | Average        | -0.1    |
| 2.3 World market opportunity                       | Average        | 0.0     |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Average</b> | 0.1     |
| 3.1 Investor interest in SL                        | Average        | 0.0     |
| 3.2 Investors' regional market access              | Low            | -0.4    |
| 3.3 Strength in related countries                  | Very high      | 1.0     |

z-score

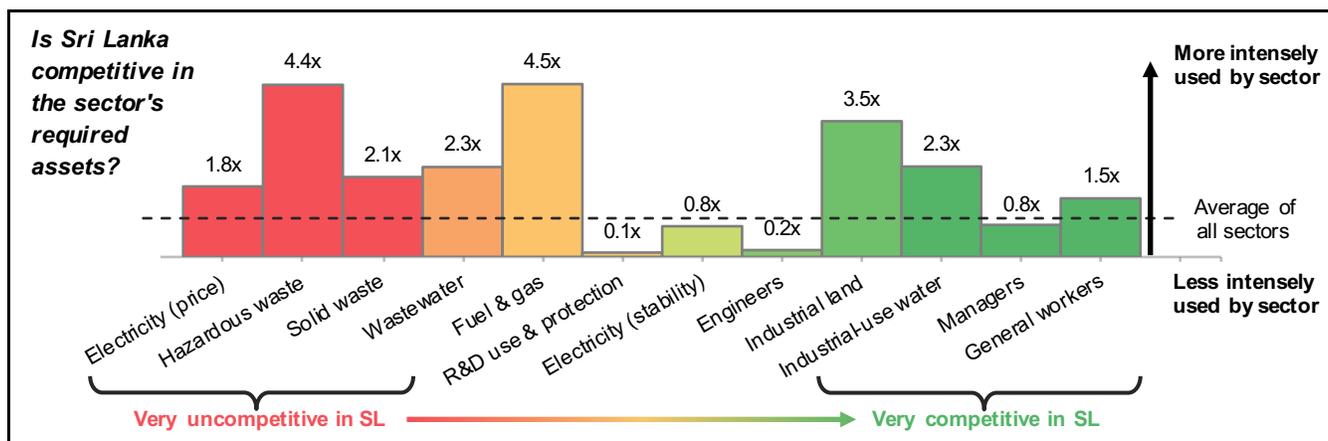
\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***

|  |                |      |
|--|----------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Low</b>     | -0.4 |
| 4.1 Current strength of SL exports             | Low            | -0.5 |
| 4.2 Current strength of SL workforce           | Low            | -0.3 |
| 4.3 Current strength of SL companies           | Low            | -0.5 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>High</b>    | 0.7  |
| 5.1 Strength in related products               | High           | 0.7  |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Average</b> | -0.1 |
| 6.1 Competitiveness of required hard assets    | Low            | -0.3 |
| 6.2 Competitiveness of required soft assets    | Very high      | 1.1  |

z-score

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI



# Footwear, leather, travel goods and related

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.30   | Very high        |
| Jobs per value added (peers; z-score)        | 1.24   | Very high        |
| Wages per value added (USA)                  | 78%    | Very high        |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 67     | Low              |
| Average wage rate (peers; z-score)           | -0.84  | Very low         |
| Average wage rate (USA; USD per year)        | 36,790 | Low              |
| Employment for youth (in SL)                 | 37%    | High             |
| Employment for women (in SL)                 | 56%    | Very high        |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 8%     | Low              |
| Employment beyond Western Prov.              | 46%    | Average          |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -0.81  | Low              |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 60    | Very low         |
| Imports in SL (vs global per capita)       | 9%    | Low              |
| Imports in SL (3-year increase, USD mn)    | +21   | Low              |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 1,490 | Low              |
| Imports in India (vs global per capita)    | 4%    | Low              |
| Imports in India (3-year increase, USD mn) | +410  | Average          |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 7,156 | Low              |
| Imports in China (vs global per capita)    | 17%   | Low              |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 222.4 | Average          |
| Imports globally (3-year increase, USD bn) | +34.9 | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 7     | Low              |
| New exporters in SL (>10k USD)                          | 54    | Low              |
| New exporters in SL (>100k USD)                         | 18    | Low              |
| Rate of new vs. consistent exporters                    | 2.0   | Very high        |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 40%   | High             |
| Japan's share of Indian market                          | 0%    | Low              |
| Korea's share of Indian market                          | 1%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 248%  | High             |
| Exports from India (vs global per capita)               | 16%   | Average          |
| Exports from China (vs global per capita)               | 206%  | Very high        |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 63.2   | Low              |
| Exports from SL (vs global per capita)        | 9.8%   | Low              |
| SL's share of Indian market                   | 0.10%  | Low              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 20,502 | Average          |
| Worker training in SL                         | 6%     | Very low         |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 9      | Low              |
| Consistent exporters in SL (>1mn USD)         | 2      | Low              |
| Consistent exporters in SL (>10mn USD)        | 0      | Low              |
| BOI companies in operation                    | 11     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 0.74  | High             |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 3.5x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 3.0x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 4.5x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 2.1x avg |
| Hazardous waste production (BOI estimate)        | 4.4x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.8x avg |
| Engineers required (in USA)                      | 0.2x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | 1.4x avg |
| Skilled workers required (in SL)                 | 0.8x avg |
| Skilled workers required (in USA)                | 1.0x avg |
| Research & development use (in OECD)             | 0.2x avg |
| Research & development use (in UK)               | 0.0x avg |

## Notes:

Sector defined as ISIC C15. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Paper products

Full sector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 48.2  | Major exporters (over USD 1mn for 3 years) | 6      |
| Imports from Sri Lanka (USD mn) | 494.0 | BOI companies in operation                 | 22     |
| World market (USD bn)           | 222.1 | Employment in Sri Lanka                    | 12,011 |

## SECTOR PRIORITIZATION **23rd** / 30 full sectors (score = -0.01) **LOWER PRIORITY\***

| Category   | Average        | z-score |
|--|----------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Average</b> | 0.2     |
| 1.1 Job creation potential                         | High           | 0.5     |
| 1.2 Job quality potential                          | Average        | 0.2     |
| 1.3 Potential beyond Western Province              | Low            | -0.6    |
| 1.4 New linkages potential                         | High           | 0.3     |
| <b>2 Market opportunity</b>                        | <b>Average</b> | 0.0     |
| 2.1 Domestic market opportunity                    | High           | 0.4     |
| 2.2 Regional market opportunity                    | Average        | 0.1     |
| 2.3 World market opportunity                       | Average        | -0.1    |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Low</b>     | -0.3    |
| 3.1 Investor interest in SL                        | Average        | -0.1    |
| 3.2 Investors' regional market access              | Average        | -0.2    |
| 3.3 Strength in related countries                  | Low            | -0.7    |

z-score

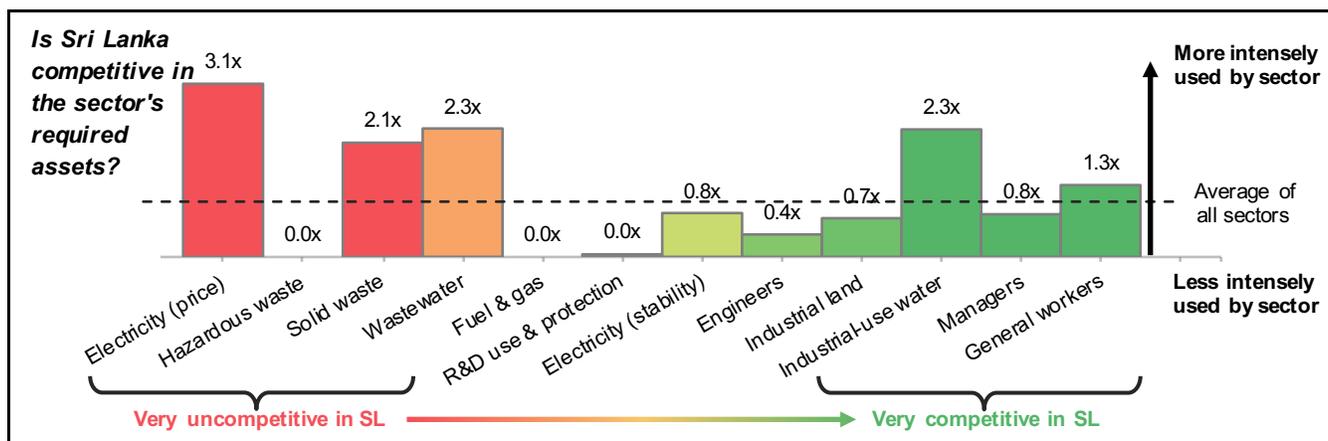
\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

## SECTOR STRATEGY **IMPROVEMENTS NEEDED\*\***

|  |            |      |
|--|------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Low</b> | -0.5 |
| 4.1 Current strength of SL exports             | Low        | -0.5 |
| 4.2 Current strength of SL workforce           | Low        | -0.4 |
| 4.3 Current strength of SL companies           | Low        | -0.4 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Low</b> | -0.8 |
| 5.1 Strength in related products               | Low        | -0.8 |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Low</b> | -0.4 |
| 6.1 Competitiveness of required hard assets    | Low        | -0.7 |
| 6.2 Competitiveness of required soft assets    | Very high  | 1.0  |

z-score

\*\*Less current potential, and SL lacks the needed hard or soft assets » Upgrade infrastructure or skills



# Paper products

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.24   | Very high        |
| Jobs per value added (peers; z-score)        | 0.03   | High             |
| Wages per value added (USA)                  | 65%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 70     | Low              |
| Average wage rate (peers; z-score)           | -0.15  | Low              |
| Average wage rate (USA; USD per year)        | 50,991 | High             |
| Employment for youth (in SL)                 | 28%    | Average          |
| Employment for women (in SL)                 | 60%    | Very high        |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 12%    | Low              |
| Employment beyond Western Prov.              | 31%    | Low              |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.34   | High             |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 494    | High             |
| Imports in SL (vs global per capita)       | 77%    | High             |
| Imports in SL (3-year increase, USD mn)    | +54    | Average          |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 3,575  | Average          |
| Imports in India (vs global per capita)    | 9%     | Average          |
| Imports in India (3-year increase, USD mn) | +319   | Average          |
| Coverage under ISFTA                       | 93%    | Average          |
| Imports in China (current, USD mn)         | 15,624 | Average          |
| Imports in China (vs global per capita)    | 37%    | Average          |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 222.1  | Average          |
| Imports globally (3-year increase, USD bn) | -2.5   | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 10    | Low              |
| New exporters in SL (>10k USD)                          | 135   | Average          |
| New exporters in SL (>100k USD)                         | 38    | Low              |
| Rate of new vs. consistent exporters                    | 1.7   | High             |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 12%   | Low              |
| Japan's share of Indian market                          | 1%    | Low              |
| Korea's share of Indian market                          | 7%    | Very high        |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 72%   | Low              |
| Exports from India (vs global per capita)               | 2%    | Low              |
| Exports from China (vs global per capita)               | 40%   | Low              |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 48.2   | Low              |
| Exports from SL (vs global per capita)        | 7.5%   | Low              |
| SL's share of Indian market                   | 0.32%  | Low              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 12,011 | Low              |
| Worker training in SL                         | 13%    | Low              |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 22     | Low              |
| Consistent exporters in SL (>1mn USD)         | 6      | Low              |
| Consistent exporters in SL (>10mn USD)        | 0      | Low              |
| BOI companies in operation                    | 22     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.76 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 3.3x avg |
| Energy use (BOI estimate)                        | 3.0x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 2.1x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.8x avg |
| Engineers required (in USA)                      | 0.4x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | 1.0x avg |
| Skilled workers required (in SL)                 | 0.8x avg |
| Skilled workers required (in USA)                | 0.8x avg |
| Research & development use (in OECD)             | 0.1x avg |
| Research & development use (in UK)               | 0.0x avg |

## Notes:

Sector defined as ISIC C17. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

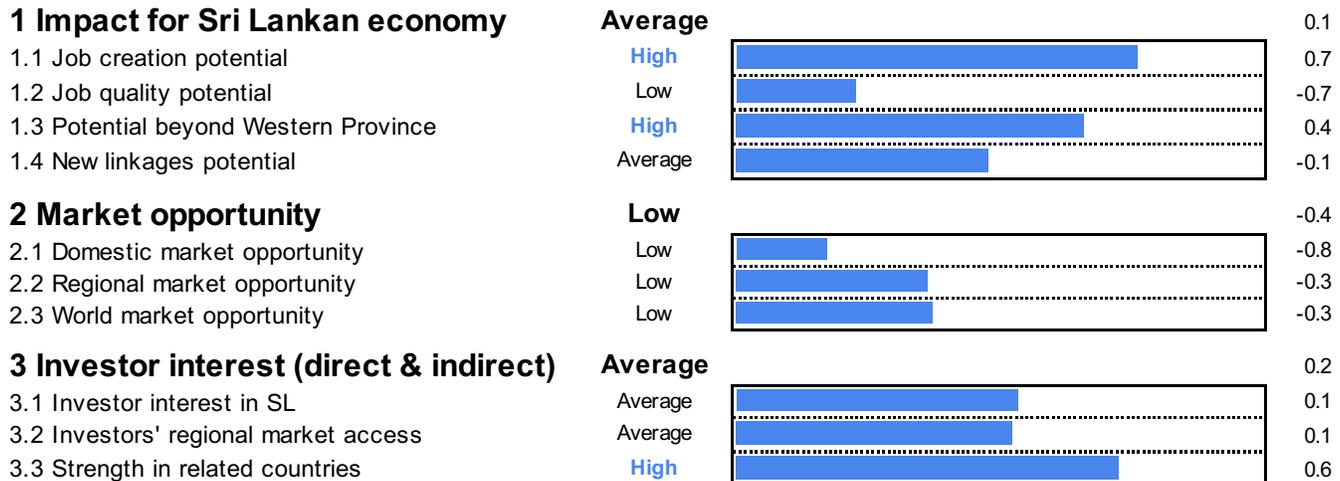
# Furniture

Full sector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 29.5  | Major exporters (over USD 1mn for 3 years) | 4      |
| Imports from Sri Lanka (USD mn) | 37.7  | BOI companies in operation                 | 10     |
| World market (USD bn)           | 156.8 | Employment in Sri Lanka                    | 34,726 |

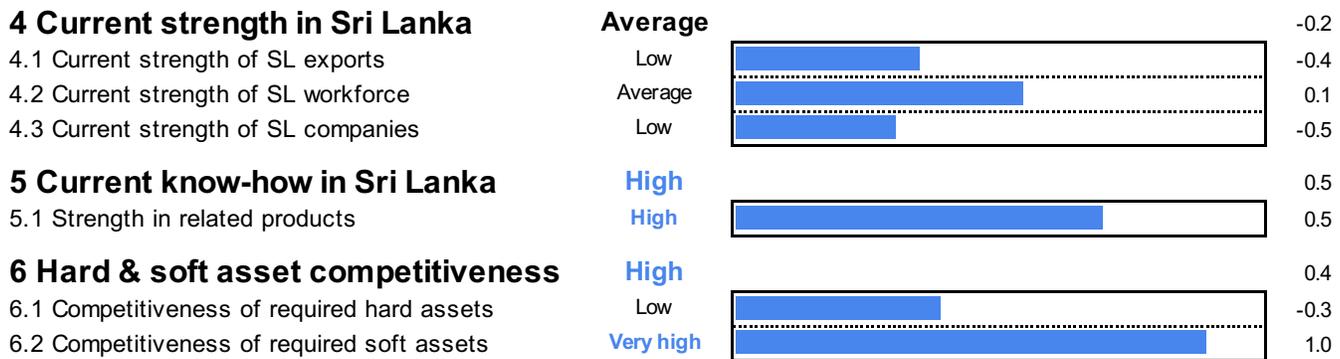
## SECTOR PRIORITIZATION **24th** / 30 full sectors (score = -0.03) **LOWER PRIORITY\***



z-score

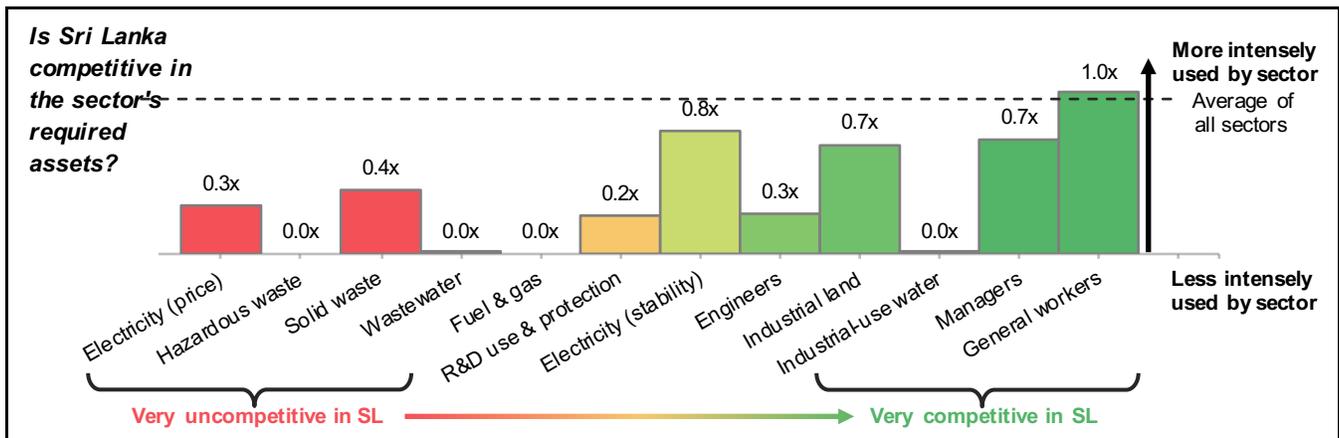
\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***



z-score

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI



|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.59   | Low              |
| Jobs per value added (peers; z-score)        | 1.11   | Very high        |
| Wages per value added (USA)                  | 81%    | Very high        |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 85     | Average          |
| Average wage rate (peers; z-score)           | -0.80  | Very low         |
| Average wage rate (USA; USD per year)        | 32,530 | Very low         |
| Employment for youth (in SL)                 | 26%    | Low              |
| Employment for women (in SL)                 | 8%     | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 30%    | Average          |
| Employment beyond Western Prov.              | 57%    | High             |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -0.05  | Average          |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 38    | Very low         |
| Imports in SL (vs global per capita)       | 8%    | Low              |
| Imports in SL (3-year increase, USD mn)    | +14   | Low              |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 888   | Low              |
| Imports in India (vs global per capita)    | 3%    | Low              |
| Imports in India (3-year increase, USD mn) | +87   | Low              |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 2,456 | Very low         |
| Imports in China (vs global per capita)    | 8%    | Very low         |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 156.8 | Low              |
| Imports globally (3-year increase, USD bn) | +20.1 | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 12    | Low              |
| New exporters in SL (>10k USD)                          | 104   | Low              |
| New exporters in SL (>100k USD)                         | 18    | Low              |
| Rate of new vs. consistent exporters                    | 2.0   | Very high        |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 50%   | Very high        |
| Japan's share of Indian market                          | 2%    | Low              |
| Korea's share of Indian market                          | 2%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 263%  | Very high        |
| Exports from India (vs global per capita)               | 3%    | Low              |
| Exports from China (vs global per capita)               | 167%  | Very high        |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 29.5   | Very low         |
| Exports from SL (vs global per capita)        | 6.5%   | Low              |
| SL's share of Indian market                   | 1.90%  | Very high        |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 34,726 | Average          |
| Worker training in SL                         | 15%    | Low              |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 9      | Low              |
| Consistent exporters in SL (>1mn USD)         | 4      | Low              |
| Consistent exporters in SL (>10mn USD)        | 1      | Low              |
| BOI companies in operation                    | 10     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 0.49  | High             |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.3x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.7x avg |
| Engineers required (in USA)                      | 0.3x avg |
| General workers required (in SL)                 | 0.7x avg |
| General workers required (in peer countries)     | 1.3x avg |
| Skilled workers required (in SL)                 | 0.5x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 0.2x avg |
| Research & development use (in UK)               | 0.3x avg |

**Notes:**

Sector defined as ISIC C31. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

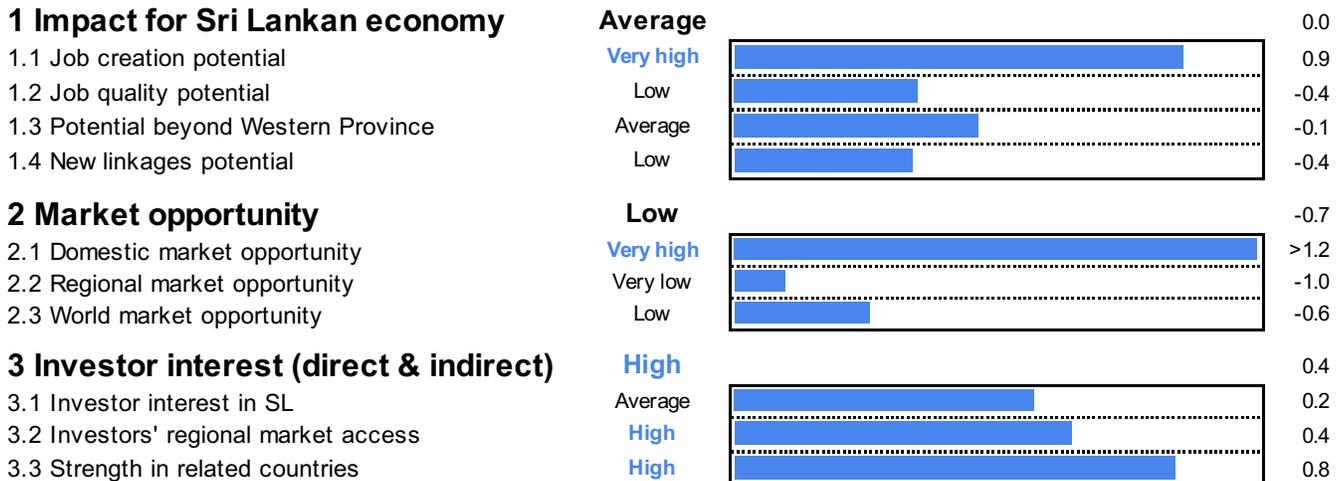
# Textiles

Full sector

## Key statistics (2015-2016)

|                                 |         |  |        |
|---------------------------------|---------|--|--------|
| Exports from Sri Lanka (USD mn) | 355.1   | Major exporters (over USD 1mn for 3 years) | 16     |
| Imports from Sri Lanka (USD mn) | 1,391.5 | BOI companies in operation                 | 36     |
| World market (USD bn)           | 247.8   | Employment in Sri Lanka                    | 72,082 |

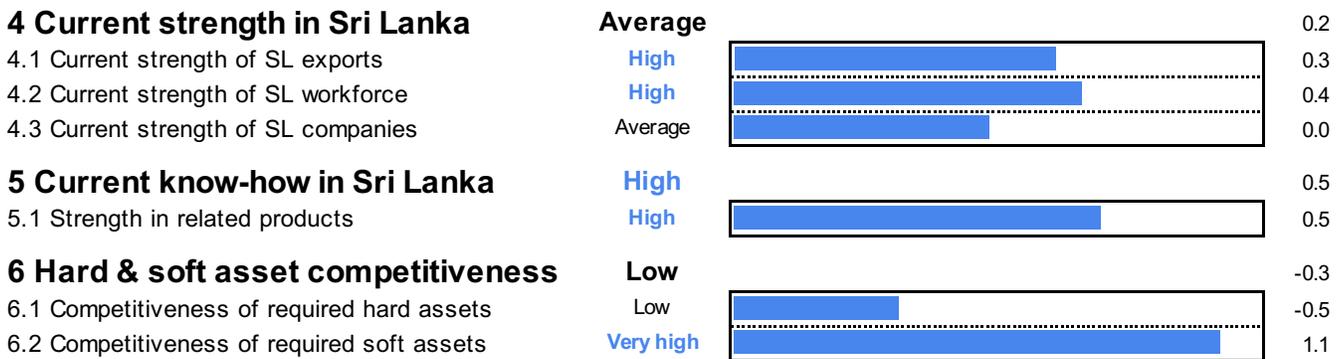
## SECTOR PRIORITIZATION **25th** / 30 full sectors (score = -0.11) **LOWER PRIORITY\***



\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

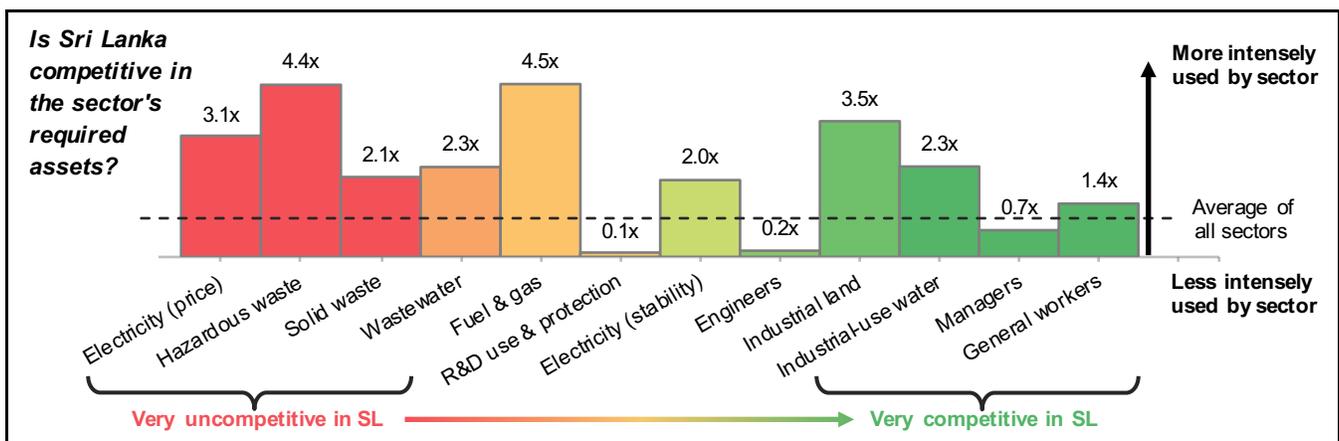
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING, ASSET IMPROVEMENTS NEEDED\*\***



\*\*Strong or emerging, but SL lacks needed assets » Promote existing firms, upgrade infrastructure & skills

z-score



|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.30   | Very high        |
| Jobs per value added (peers; z-score)        | 0.56   | High             |
| Wages per value added (USA)                  | 77%    | Very high        |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 57     | Very low         |
| Average wage rate (peers; z-score)           | -0.93  | Very low         |
| Average wage rate (USA; USD per year)        | 34,003 | Low              |
| Employment for youth (in SL)                 | 19%    | Very low         |
| Employment for women (in SL)                 | 63%    | Very high        |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 9%     | Low              |
| Employment beyond Western Prov.              | 51%    | High             |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -0.40  | Low              |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 1,391  | Very high        |
| Imports in SL (vs global per capita)       | 194%   | Very high        |
| Imports in SL (3-year increase, USD mn)    | -139   | Very low         |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 3,251  | Average          |
| Imports in India (vs global per capita)    | 7%     | Average          |
| Imports in India (3-year increase, USD mn) | +50    | Low              |
| Coverage under ISFTA                       | 1%     | Very low         |
| Imports in China (current, USD mn)         | 14,947 | Average          |
| Imports in China (vs global per capita)    | 32%    | Average          |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 247.8  | Average          |
| Imports globally (3-year increase, USD bn) | +6.5   | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 11    | Low              |
| New exporters in SL (>10k USD)                          | 291   | High             |
| New exporters in SL (>100k USD)                         | 104   | High             |
| Rate of new vs. consistent exporters                    | 1.6   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 54%   | Very high        |
| Japan's share of Indian market                          | 3%    | Average          |
| Korea's share of Indian market                          | 2%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 135%  | Average          |
| Exports from India (vs global per capita)               | 37%   | Very high        |
| Exports from China (vs global per capita)               | 172%  | Very high        |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 355.1  | High             |
| Exports from SL (vs global per capita)        | 49.5%  | Average          |
| SL's share of Indian market                   | 0.69%  | Average          |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 72,082 | High             |
| Worker training in SL                         | 10%    | Low              |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 66     | Average          |
| Consistent exporters in SL (>1mn USD)         | 16     | Average          |
| Consistent exporters in SL (>10mn USD)        | 5      | Average          |
| BOI companies in operation                    | 36     | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 0.50  | High             |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 3.5x avg |
| Energy use (UNIDO estimate)                      | 3.3x avg |
| Energy use (BOI estimate)                        | 3.0x avg |
| Electricity stability required (BOI estimate)    | 2.0x avg |
| Fuel or gas use (BOI estimate)                   | 4.5x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 2.1x avg |
| Hazardous waste production (BOI estimate)        | 4.4x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.7x avg |
| Engineers required (in USA)                      | 0.2x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | 1.2x avg |
| Skilled workers required (in SL)                 | 0.7x avg |
| Skilled workers required (in USA)                | 0.5x avg |
| Research & development use (in OECD)             | 0.2x avg |
| Research & development use (in UK)               | 0.0x avg |

**Notes:**

Sector defined as ISIC C13. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

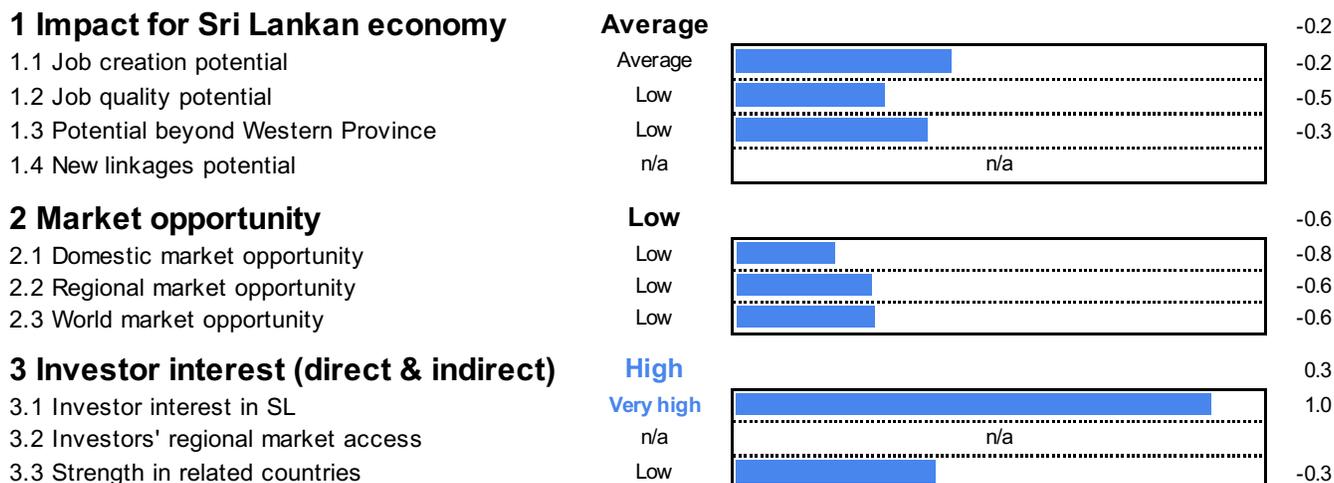
# Construction

Full sector

## Key statistics (2015-2016)

|                                 |      |  |        |
|---------------------------------|------|--|--------|
| Exports from Sri Lanka (USD mn) | 58.1 | Major exporters (over USD 1mn for 3 years) | n/a    |
| Imports from Sri Lanka (USD mn) | 28.8 | BOI companies in operation                 | 134    |
| World market (USD bn)           | 88.5 | Employment in Sri Lanka                    | 72,395 |

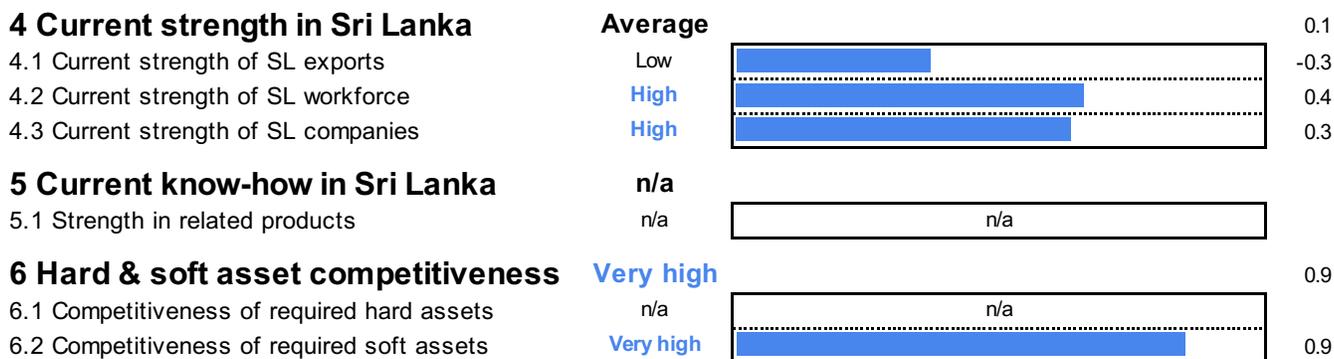
## SECTOR PRIORITIZATION **26th** / 30 full sectors (score = -0.21) LOWER PRIORITY\*



\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

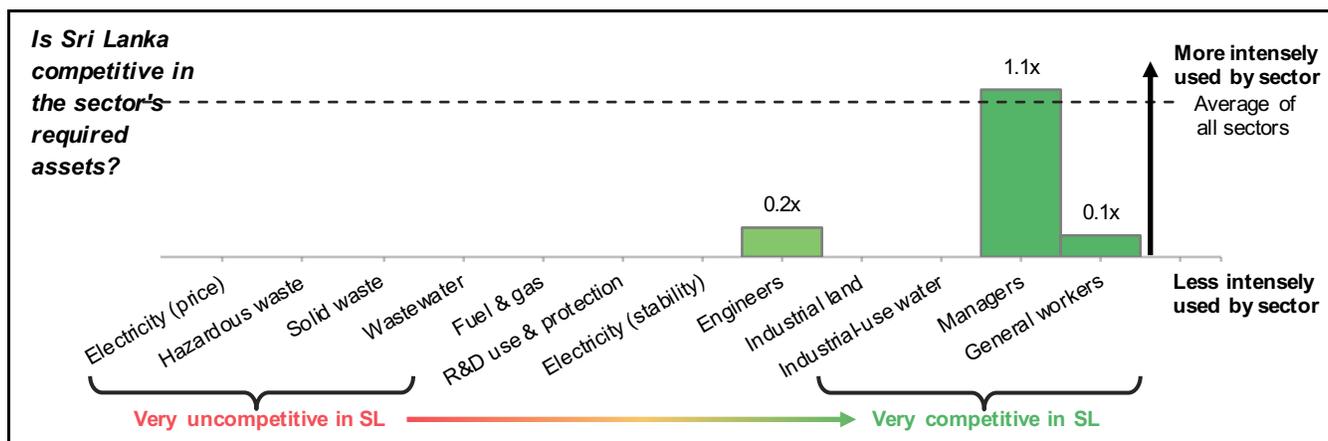
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***



\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Construction

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.11   | Very low         |
| Jobs per value added (peers; z-score)        | .      | n/a              |
| Wages per value added (USA)                  | 70%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 86     | Average          |
| Average wage rate (peers; z-score)           | .      | n/a              |
| Average wage rate (USA; USD per year)        | 33,082 | Low              |
| Employment for youth (in SL)                 | 27%    | Low              |
| Employment for women (in SL)                 | 3%     | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 3%     | Very low         |
| Employment beyond Western Prov.              | 45%    | Average          |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | .      | n/a              |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 29    | Very low         |
| Imports in SL (vs global per capita)       | 11%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +22   | Low              |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 1,134 | Low              |
| Imports in India (vs global per capita)    | 7%    | Low              |
| Imports in India (3-year increase, USD mn) | +2    | Very low         |
| Coverage under ISFTA                       | .     | n/a              |
| Imports in China (current, USD mn)         | 4,870 | Low              |
| Imports in China (vs global per capita)    | 27%   | Low              |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 88.5  | Very low         |
| Imports globally (3-year increase, USD bn) | +16.6 | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 243   | Very high        |
| New exporters in SL (>10k USD)                          | .     | n/a              |
| New exporters in SL (>100k USD)                         | .     | n/a              |
| Rate of new vs. consistent exporters                    | .     | n/a              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | .     | n/a              |
| Japan's share of Indian market                          | .     | n/a              |
| Korea's share of Indian market                          | .     | n/a              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 88%   | Low              |
| Exports from India (vs global per capita)               | 9%    | Low              |
| Exports from China (vs global per capita)               | .     | n/a              |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 58.1   | Low              |
| Exports from SL (vs global per capita)        | 19.7%  | Low              |
| SL's share of Indian market                   | .      | n/a              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 72,395 | High             |
| Worker training in SL                         | 9%     | Low              |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | .      | n/a              |
| Consistent exporters in SL (>1mn USD)         | .      | n/a              |
| Consistent exporters in SL (>10mn USD)        | .      | n/a              |
| BOI companies in operation                    | 134    | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | .     | n/a              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | n/a      |
| Energy use (UNIDO estimate)                      | n/a      |
| Energy use (BOI estimate)                        | n/a      |
| Electricity stability required (BOI estimate)    | n/a      |
| Fuel or gas use (BOI estimate)                   | n/a      |
| Industrial water use (BOI estimate)              | n/a      |
| Wastewater production (BOI estimate)             | n/a      |
| Solid waste production (BOI estimate)            | n/a      |
| Hazardous waste production (BOI estimate)        | n/a      |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.1x avg |
| Engineers required (in USA)                      | 0.2x avg |
| General workers required (in SL)                 | 0.1x avg |
| General workers required (in peer countries)     | n/a      |
| Skilled workers required (in SL)                 | 0.4x avg |
| Skilled workers required (in USA)                | 0.5x avg |
| Research & development use (in OECD)             | n/a      |
| Research & development use (in UK)               | n/a      |

## Notes:

Sector defined as ISIC F. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

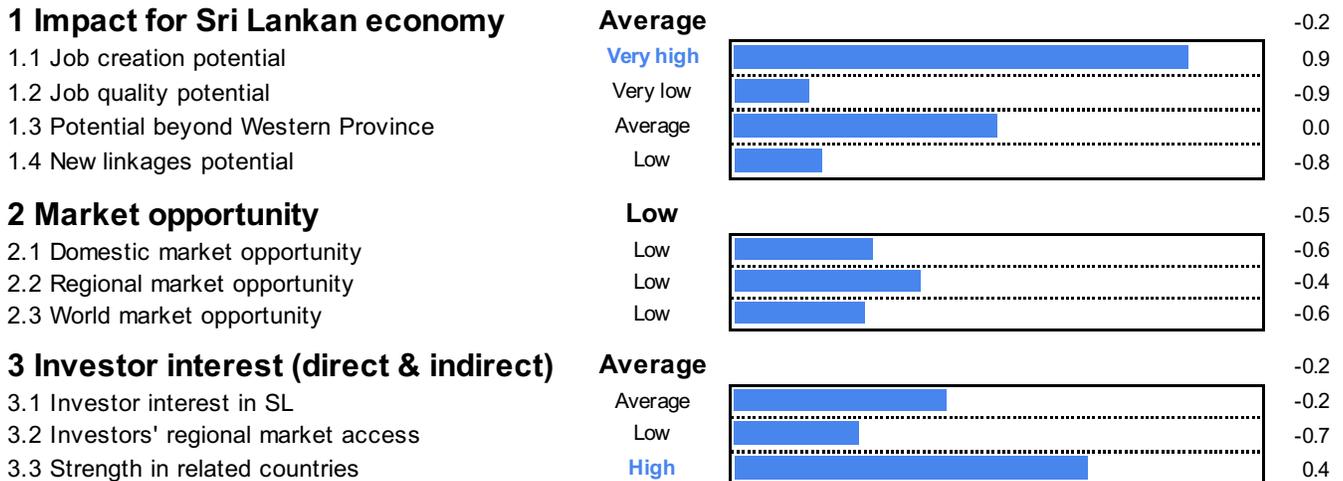
# Wood, cork, and straw products

Full sector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 46.0  | Major exporters (over USD 1mn for 3 years) | 4      |
| Imports from Sri Lanka (USD mn) | 76.0  | BOI companies in operation                 | 10     |
| World market (USD bn)           | 117.0 | Employment in Sri Lanka                    | 44,962 |

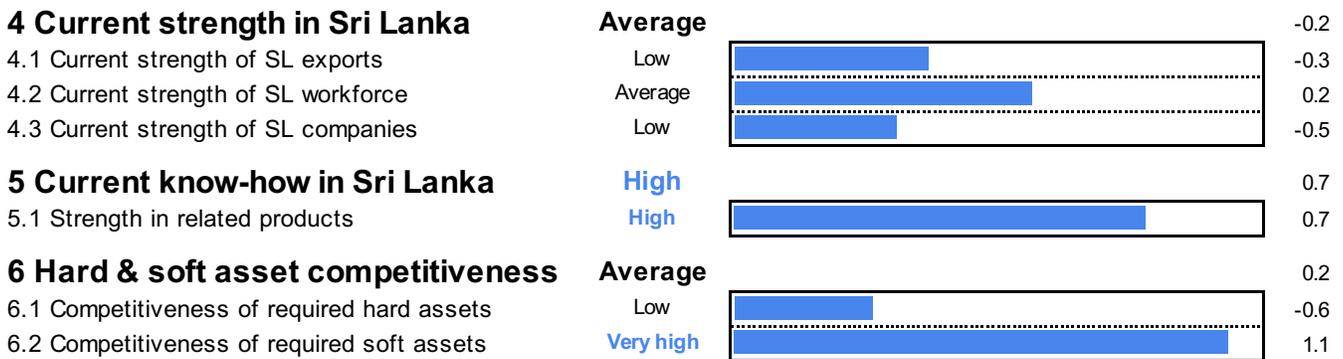
## SECTOR PRIORITIZATION 27th / 30 full sectors (score = -0.32) LOWER PRIORITY\*



\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

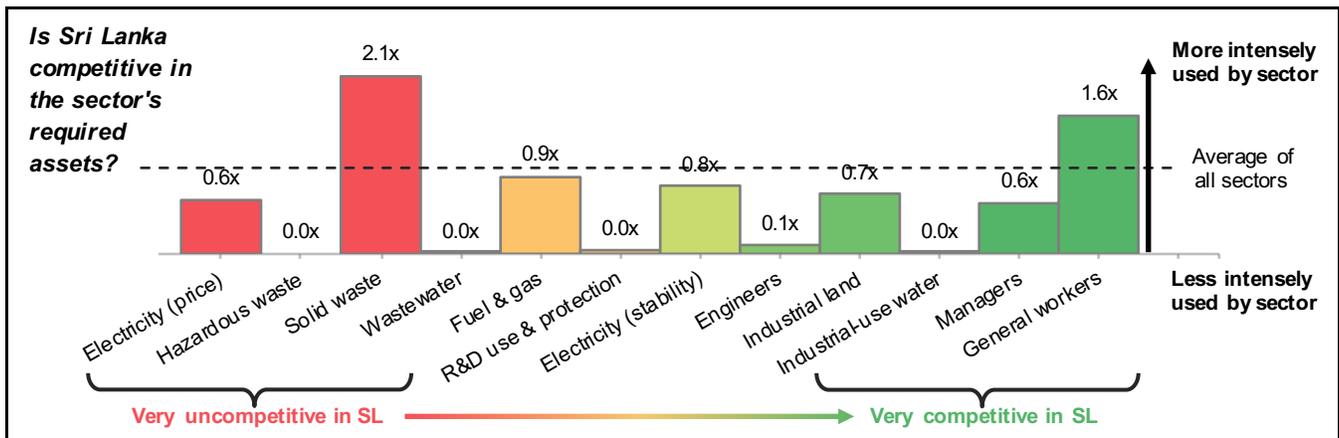
z-score

## SECTOR STRATEGY EXISTING OR EMERGING\*\*



\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Wood, cork, and straw products

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.55   | Very high        |
| Jobs per value added (peers; z-score)        | 0.82   | Very high        |
| Wages per value added (USA)                  | 65%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 83     | Low              |
| Average wage rate (peers; z-score)           | -1.23  | Very low         |
| Average wage rate (USA; USD per year)        | 32,249 | Very low         |
| Employment for youth (in SL)                 | 23%    | Low              |
| Employment for women (in SL)                 | 3%     | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Very low         |
| Employment beyond Western Prov.              | 61%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -0.83  | Low              |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 76    | Low              |
| Imports in SL (vs global per capita)       | 22%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +13   | Low              |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 727   | Low              |
| Imports in India (vs global per capita)    | 3%    | Low              |
| Imports in India (3-year increase, USD mn) | +56   | Low              |
| Coverage under ISFTA                       | 98%   | High             |
| Imports in China (current, USD mn)         | 9,920 | Low              |
| Imports in China (vs global per capita)    | 44%   | Average          |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 117.0 | Low              |
| Imports globally (3-year increase, USD bn) | +11.7 | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 3     | Low              |
| New exporters in SL (>10k USD)                          | 96    | Low              |
| New exporters in SL (>100k USD)                         | 31    | Low              |
| Rate of new vs. consistent exporters                    | 1.6   | High             |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 20%   | Average          |
| Japan's share of Indian market                          | 0%    | Low              |
| Korea's share of Indian market                          | 0%    | Very low         |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 390%  | Very high        |
| Exports from India (vs global per capita)               | 2%    | Low              |
| Exports from China (vs global per capita)               | 70%   | Average          |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 46.0   | Low              |
| Exports from SL (vs global per capita)        | 13.6%  | Low              |
| SL's share of Indian market                   | 1.28%  | High             |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 44,962 | High             |
| Worker training in SL                         | 9%     | Low              |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 19     | Low              |
| Consistent exporters in SL (>1mn USD)         | 4      | Low              |
| Consistent exporters in SL (>10mn USD)        | 0      | Low              |
| BOI companies in operation                    | 10     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 0.71  | High             |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 2.1x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.6x avg |
| Engineers required (in USA)                      | 0.1x avg |
| General workers required (in SL)                 | 2.0x avg |
| General workers required (in peer countries)     | 1.2x avg |
| Skilled workers required (in SL)                 | 0.3x avg |
| Skilled workers required (in USA)                | 0.5x avg |
| Research & development use (in OECD)             | 0.1x avg |
| Research & development use (in UK)               | 0.0x avg |

## Notes:

Sector defined as ISIC C16. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

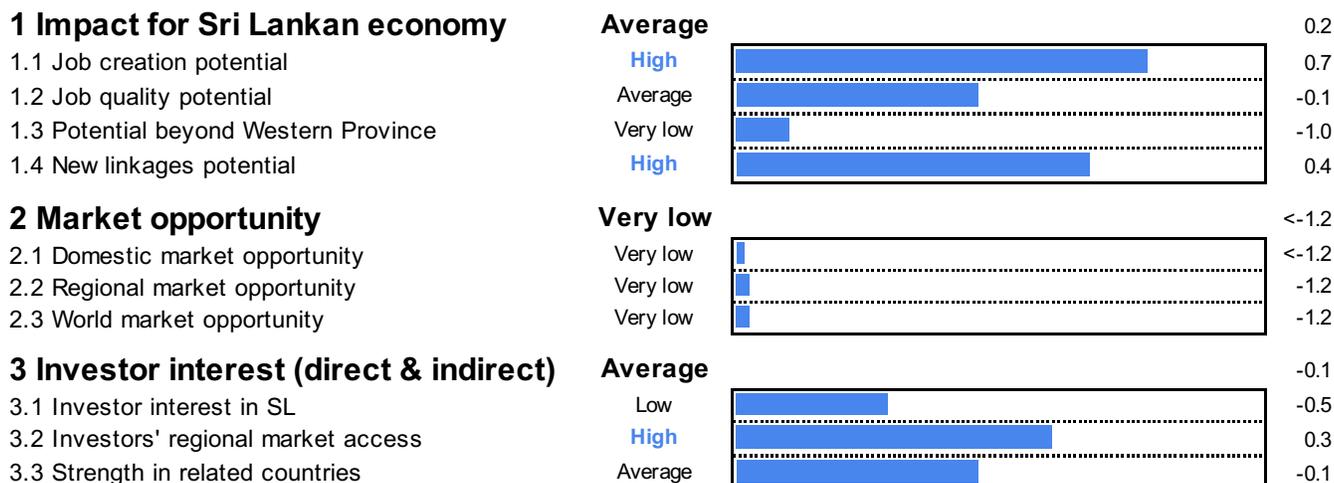
# Printing and rerecorded media

Full sector

## Key statistics (2015-2016)

|                                 |      |  |        |
|---------------------------------|------|--|--------|
| Exports from Sri Lanka (USD mn) | 3.2  | Major exporters (over USD 1mn for 3 years) | 1      |
| Imports from Sri Lanka (USD mn) | 5.5  | BOI companies in operation                 | 3      |
| World market (USD bn)           | 11.4 | Employment in Sri Lanka                    | 23,361 |

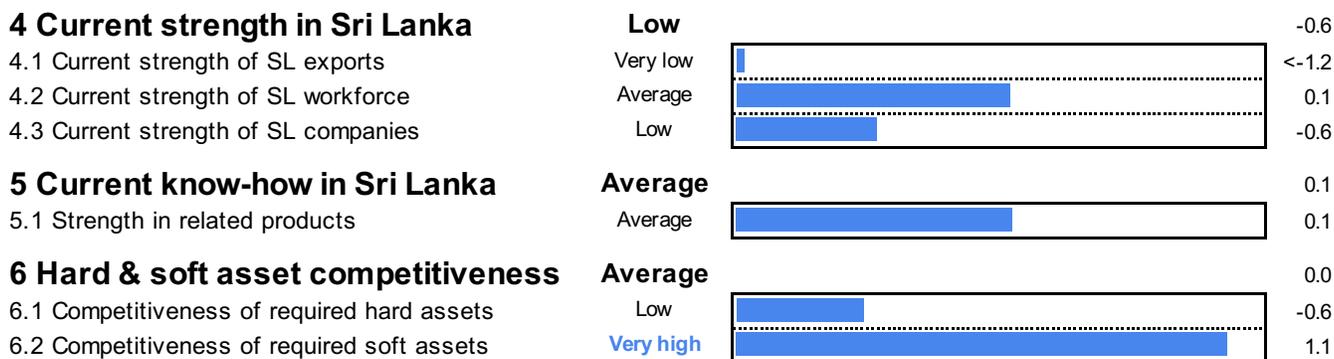
## SECTOR PRIORITIZATION **28th** / 30 full sectors (score = -0.44) LOWER PRIORITY\*



\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

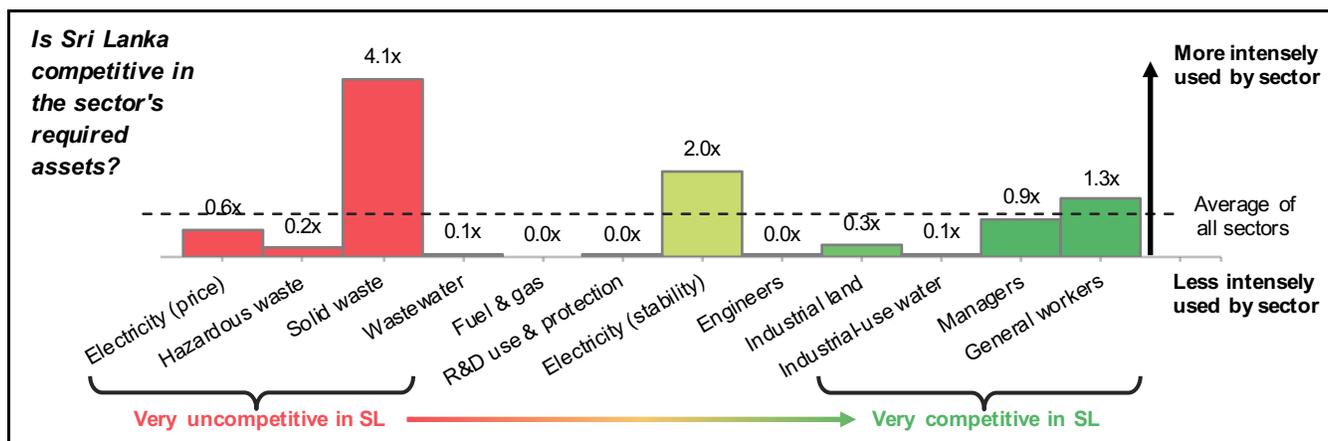
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***



\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Printing and rerecorded media

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.24   | Very high        |
| Jobs per value added (peers; z-score)        | 0.32   | High             |
| Wages per value added (USA)                  | 73%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 94     | Average          |
| Average wage rate (peers; z-score)           | 0.14   | Average          |
| Average wage rate (USA; USD per year)        | 41,096 | Low              |
| Employment for youth (in SL)                 | 31%    | Average          |
| Employment for women (in SL)                 | 23%    | Low              |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Very low         |
| Employment beyond Western Prov.              | 21%    | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.44   | High             |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 5     | Very low         |
| Imports in SL (vs global per capita)       | 17%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +0    | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 57    | Very low         |
| Imports in India (vs global per capita)    | 3%    | Low              |
| Imports in India (3-year increase, USD mn) | +1    | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 106   | Very low         |
| Imports in China (vs global per capita)    | 5%    | Very low         |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 11.4  | Very low         |
| Imports globally (3-year increase, USD bn) | -0.7  | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 0     | Low              |
| New exporters in SL (>10k USD)                          | 21    | Low              |
| New exporters in SL (>100k USD)                         | 3     | Low              |
| Rate of new vs. consistent exporters                    | 1.5   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 43%   | Very high        |
| Japan's share of Indian market                          | 4%    | High             |
| Korea's share of Indian market                          | 1%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 130%  | Average          |
| Exports from India (vs global per capita)               | 7%    | Low              |
| Exports from China (vs global per capita)               | 99%   | High             |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 3.2    | Very low         |
| Exports from SL (vs global per capita)        | 9.8%   | Low              |
| SL's share of Indian market                   | 0.07%  | Low              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 23,361 | Average          |
| Worker training in SL                         | 23%    | High             |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 2      | Low              |
| Consistent exporters in SL (>1mn USD)         | 1      | Low              |
| Consistent exporters in SL (>10mn USD)        | 0      | Low              |
| BOI companies in operation                    | 3      | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 0.06  | Average          |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.3x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 2.0x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.1x avg |
| Wastewater production (BOI estimate)             | 0.1x avg |
| Solid waste production (BOI estimate)            | 4.1x avg |
| Hazardous waste production (BOI estimate)        | 0.2x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.9x avg |
| Engineers required (in USA)                      | 0.0x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | 1.1x avg |
| Skilled workers required (in SL)                 | 2.1x avg |
| Skilled workers required (in USA)                | 0.8x avg |
| Research & development use (in OECD)             | 0.1x avg |
| Research & development use (in UK)               | 0.0x avg |

## Notes:

Sector defined as ISIC C18. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Beverages

Full sector

## Key statistics (2015-2016)

|                                 |       |  |       |
|---------------------------------|-------|--|-------|
| Exports from Sri Lanka (USD mn) | 27.4  | Major exporters (over USD 1mn for 3 years) | 2     |
| Imports from Sri Lanka (USD mn) | 61.8  | BOI companies in operation                 | 33    |
| World market (USD bn)           | 112.8 | Employment in Sri Lanka                    | 8,902 |

## SECTOR PRIORITIZATION **29th** / 30 full sectors (score = -0.67) LOWER PRIORITY\*

| Category   | Overall Rating  | z-score |
|--|-----------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Low</b>      | -0.4    |
| 1.1 Job creation potential                         | Low             | -0.7    |
| 1.2 Job quality potential                          | Average         | -0.1    |
| 1.3 Potential beyond Western Province              | Low             | -0.3    |
| 1.4 New linkages potential                         | Low             | -0.5    |
| <b>2 Market opportunity</b>                        | <b>Very low</b> | -1.0    |
| 2.1 Domestic market opportunity                    | Low             | -0.5    |
| 2.2 Regional market opportunity                    | Very low        | -1.2    |
| 2.3 World market opportunity                       | Low             | -0.8    |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Low</b>      | -0.6    |
| 3.1 Investor interest in SL                        | Average         | -0.2    |
| 3.2 Investors' regional market access              | Very low        | -0.9    |
| 3.3 Strength in related countries                  | Low             | -0.8    |

\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

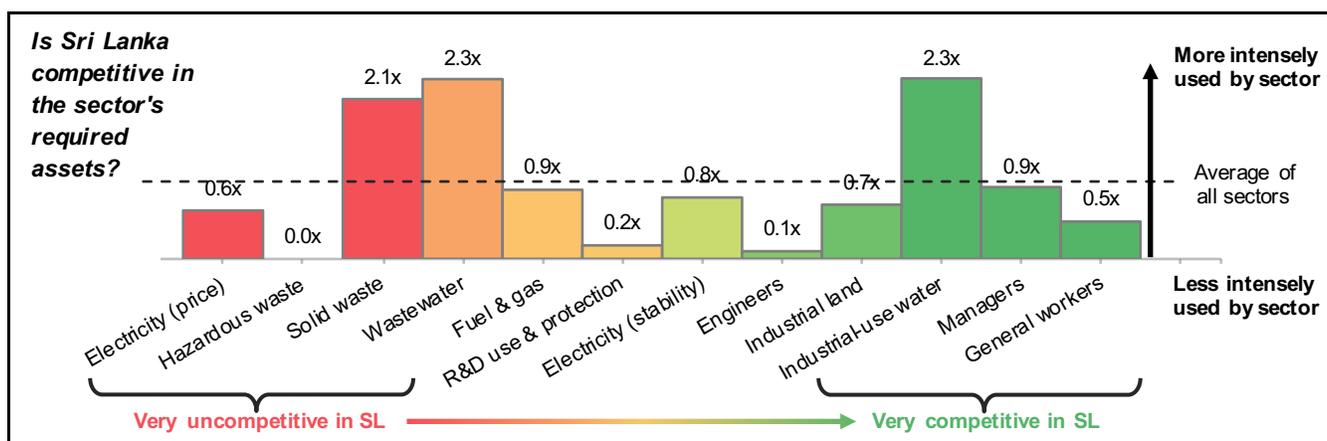
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***

| Category                                       | Overall Rating   | z-score |
|--|------------------|---------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Low</b>       | -0.5    |
| 4.1 Current strength of SL exports             | Low              | -0.5    |
| 4.2 Current strength of SL workforce           | Low              | -0.7    |
| 4.3 Current strength of SL companies           | Low              | -0.4    |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Average</b>   | -0.1    |
| 5.1 Strength in related products               | Average          | -0.1    |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Average</b>   | -0.1    |
| 6.1 Competitiveness of required hard assets    | Low              | -0.3    |
| 6.2 Competitiveness of required soft assets    | <b>Very high</b> | 1.0     |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Beverages

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.26   | Very low         |
| Jobs per value added (peers; z-score)        | -1.39  | Very low         |
| Wages per value added (USA)                  | 57%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 90     | Average          |
| Average wage rate (peers; z-score)           | 0.67   | High             |
| Average wage rate (USA; USD per year)        | 53,244 | High             |
| Employment for youth (in SL)                 | 22%    | Low              |
| Employment for women (in SL)                 | 28%    | Average          |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 36%    | High             |
| Employment beyond Western Prov.              | 22%    | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -0.49  | Low              |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 62    | Very low         |
| Imports in SL (vs global per capita)       | 19%   | Low              |
| Imports in SL (3-year increase, USD mn)    | -15   | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 479   | Very low         |
| Imports in India (vs global per capita)    | 2%    | Low              |
| Imports in India (3-year increase, USD mn) | +182  | Average          |
| Coverage under ISFTA                       | 21%   | Very low         |
| Imports in China (current, USD mn)         | 3,109 | Very low         |
| Imports in China (vs global per capita)    | 14%   | Low              |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 112.8 | Low              |
| Imports globally (3-year increase, USD bn) | +8.2  | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 13    | Low              |
| New exporters in SL (>10k USD)                          | 62    | Low              |
| New exporters in SL (>100k USD)                         | 9     | Low              |
| Rate of new vs. consistent exporters                    | 1.8   | Very high        |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 1%    | Very low         |
| Japan's share of Indian market                          | 0%    | Low              |
| Korea's share of Indian market                          | 1%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 94%   | Low              |
| Exports from India (vs global per capita)               | 2%    | Low              |
| Exports from China (vs global per capita)               | 8%    | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 27.4  | Very low         |
| Exports from SL (vs global per capita)        | 8.4%  | Low              |
| SL's share of Indian market                   | 1.40% | High             |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 8,902 | Low              |
| Worker training in SL                         | 8%    | Very low         |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 5     | Low              |
| Consistent exporters in SL (>1mn USD)         | 2     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 33    | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.12 | Average          |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 2.1x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.9x avg |
| Engineers required (in USA)                      | 0.1x avg |
| General workers required (in SL)                 | 0.3x avg |
| General workers required (in peer countries)     | 0.6x avg |
| Skilled workers required (in SL)                 | 1.0x avg |
| Skilled workers required (in USA)                | 1.2x avg |
| Research & development use (in OECD)             | 0.2x avg |
| Research & development use (in UK)               | 0.2x avg |

## Notes:

Sector defined as ISIC C11. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Tobacco products

Full sector

## Key statistics (2015-2016)

|                                 |      |  |       |
|---------------------------------|------|--|-------|
| Exports from Sri Lanka (USD mn) | 56.0 | Major exporters (over USD 1mn for 3 years) | 2     |
| Imports from Sri Lanka (USD mn) | 8.3  | BOI companies in operation                 | 2     |
| World market (USD bn)           | 28.9 | Employment in Sri Lanka                    | 8,884 |

## SECTOR PRIORITIZATION **30th** / 30 full sectors (score = -0.97) LOWER PRIORITY\*

| Category   | Overall Rating  | z-score |
|--|-----------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Very low</b> | -1.0    |
| 1.1 Job creation potential                         | Very low        | <-1.2   |
| 1.2 Job quality potential                          | <b>High</b>     | 0.4     |
| 1.3 Potential beyond Western Province              | Low             | -0.6    |
| 1.4 New linkages potential                         | Very low        | <-1.2   |
| <b>2 Market opportunity</b>                        | <b>Very low</b> | -1.1    |
| 2.1 Domestic market opportunity                    | Very low        | <-1.2   |
| 2.2 Regional market opportunity                    | Very low        | <-1.2   |
| 2.3 World market opportunity                       | Low             | -0.8    |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Low</b>      | -0.8    |
| 3.1 Investor interest in SL                        | Very low        | -1.0    |
| 3.2 Investors' regional market access              | Low             | -0.8    |
| 3.3 Strength in related countries                  | Low             | -0.6    |

\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

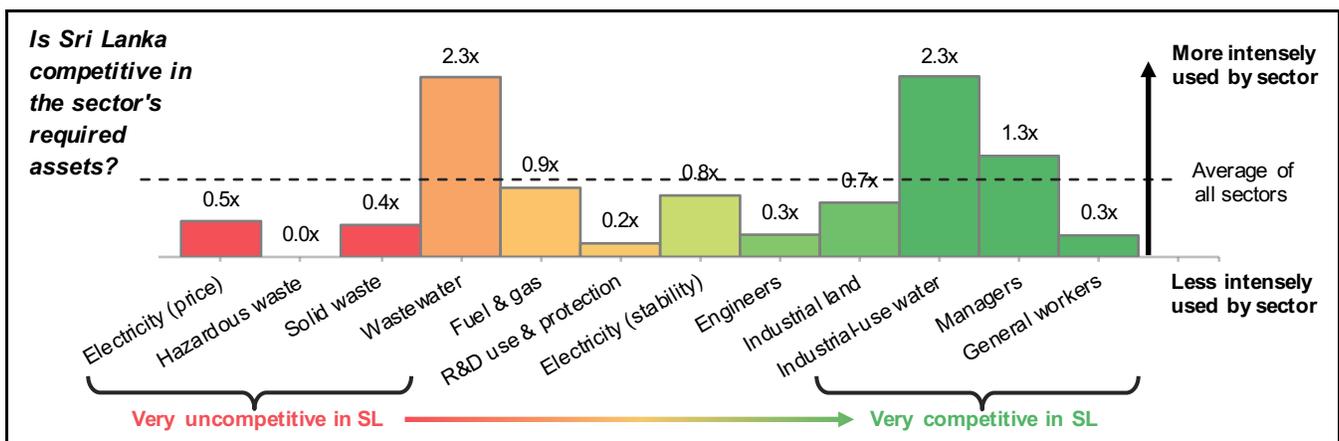
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***

|  |                  |      |
|--|------------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Low</b>       | -0.4 |
| 4.1 Current strength of SL exports             | Average          | -0.1 |
| 4.2 Current strength of SL workforce           | Low              | -0.7 |
| 4.3 Current strength of SL companies           | Low              | -0.6 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Very high</b> | 1.1  |
| 5.1 Strength in related products               | <b>Very high</b> | 1.1  |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Average</b>   | 0.1  |
| 6.1 Competitiveness of required hard assets    | Average          | -0.2 |
| 6.2 Competitiveness of required soft assets    | <b>High</b>      | 0.8  |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Tobacco products

Full sector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.26   | Very low         |
| Jobs per value added (peers; z-score)        | -2.80  | Very low         |
| Wages per value added (USA)                  | 18%    | Very low         |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 28     | Very low         |
| Average wage rate (peers; z-score)           | 2.77   | Very high        |
| Average wage rate (USA; USD per year)        | 53,244 | High             |
| Employment for youth (in SL)                 | 11%    | Very low         |
| Employment for women (in SL)                 | 92%    | Very high        |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Very low         |
| Employment beyond Western Prov.              | 38%    | Average          |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.38  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 8     | Very low         |
| Imports in SL (vs global per capita)       | 10%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +1    | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 29    | Very low         |
| Imports in India (vs global per capita)    | 1%    | Very low         |
| Imports in India (3-year increase, USD mn) | +3    | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 192   | Very low         |
| Imports in China (vs global per capita)    | 3%    | Very low         |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 28.9  | Very low         |
| Imports globally (3-year increase, USD bn) | -0.0  | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 2     | Low              |
| New exporters in SL (>10k USD)                          | 5     | Very low         |
| New exporters in SL (>100k USD)                         | 3     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Very low         |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 10%   | Low              |
| Japan's share of Indian market                          | 0%    | Low              |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 129%  | Average          |
| Exports from India (vs global per capita)               | 5%    | Low              |
| Exports from China (vs global per capita)               | 14%   | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 56.0  | Low              |
| Exports from SL (vs global per capita)        | 66.9% | High             |
| SL's share of Indian market                   | 0.83% | Average          |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 8,884 | Low              |
| Worker training in SL                         | 3%    | Very low         |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 3     | Low              |
| Consistent exporters in SL (>1mn USD)         | 2     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 2     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 1.05  | Very high        |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.3x avg |
| Engineers required (in USA)                      | 0.3x avg |
| General workers required (in SL)                 | 0.3x avg |
| General workers required (in peer countries)     | 0.2x avg |
| Skilled workers required (in SL)                 | 0.3x avg |
| Skilled workers required (in USA)                | 1.2x avg |
| Research & development use (in OECD)             | 0.2x avg |
| Research & development use (in UK)               | 0.2x avg |

## Notes:

Sector defined as ISIC C12. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Solar panels and cells, transistors, diodes

Subsector

## Key statistics (2015-2016)

|                                 |       |  |      |
|---------------------------------|-------|--|------|
| Exports from Sri Lanka (USD mn) | 0.5   | Major exporters (over USD 1mn for 3 years) | 0    |
| Imports from Sri Lanka (USD mn) | 12.7  | BOI companies in operation                 | 7    |
| World market (USD bn)           | 102.0 | Employment in Sri Lanka                    | <100 |

## SECTOR PRIORITIZATION

1st / 29 subsectors (score = 0.52)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

Average

0.2

1.1 Job creation potential

Average

0.2

1.2 Job quality potential

Average

0.2

1.3 Potential beyond Western Province

Average

-0.2

1.4 New linkages potential

High

0.4

### 2 Market opportunity

Very high

1.0

2.1 Domestic market opportunity

Average

-0.2

2.2 Regional market opportunity

Very high

1.1

2.3 World market opportunity

Very high

1.1

### 3 Investor interest (direct & indirect)

High

0.3

3.1 Investor interest in SL

Low

-0.5

3.2 Investors' regional market access

High

0.3

3.3 Strength in related countries

Very high

>1.2

z-score

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

## SECTOR STRATEGY

KNOWHOW NEEDED\*\*

### 4 Current strength in Sri Lanka

Very low

-1.0

4.1 Current strength of SL exports

Low

-0.6

4.2 Current strength of SL workforce

Very low

<-1.2

4.3 Current strength of SL companies

Low

-0.5

### 5 Current know-how in Sri Lanka

Low

-0.4

5.1 Strength in related products

Low

-0.4

### 6 Hard & soft asset competitiveness

Average

0.2

6.1 Competitiveness of required hard assets

Average

-0.1

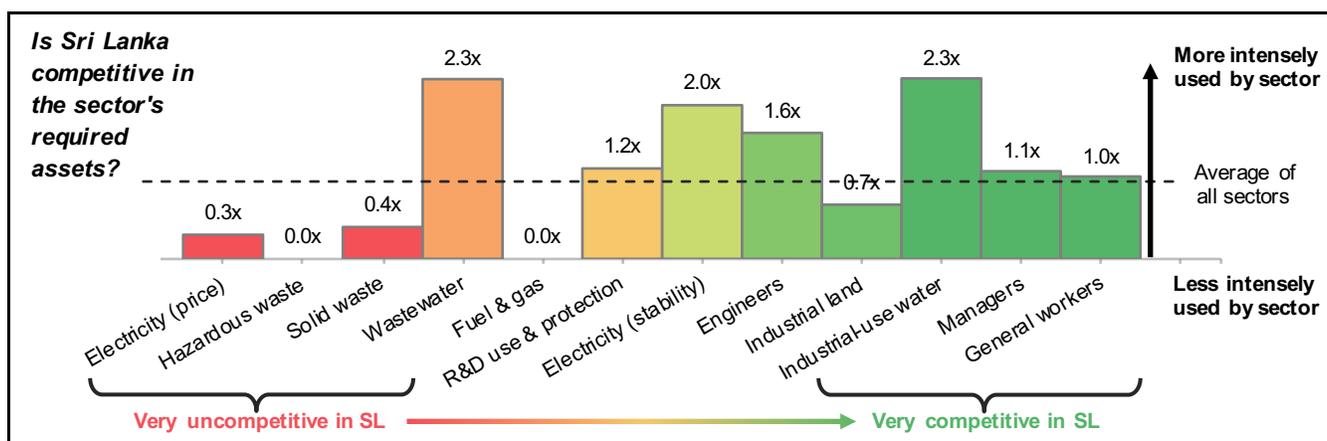
6.2 Competitiveness of required soft assets

High

0.7

z-score

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad



# Solar panels and cells, transistors, diodes

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | 0.25   | Average          |
| Wages per value added (USA)                  | 76%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 99     | Very high        |
| Average wage rate (peers; z-score)           | -0.03  | Average          |
| Average wage rate (USA; USD per year)        | 50,000 | Average          |
| Employment for youth (in SL)                 | 38%    | High             |
| Employment for women (in SL)                 | 12%    | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 11%    | Low              |
| Employment beyond Western Prov.              | 33%    | Average          |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.39   | High             |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 13     | Low              |
| Imports in SL (vs global per capita)       | 4%     | Low              |
| Imports in SL (3-year increase, USD mn)    | +6     | Average          |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 2,409  | Very high        |
| Imports in India (vs global per capita)    | 13%    | Very high        |
| Imports in India (3-year increase, USD mn) | +1,242 | Very high        |
| Coverage under ISFTA                       | 100%   | High             |
| Imports in China (current, USD mn)         | 19,790 | Very high        |
| Imports in China (vs global per capita)    | 104%   | Very high        |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 102.0  | Very high        |
| Imports globally (3-year increase, USD bn) | +18.2  | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 9     | Average          |
| New exporters in SL (>10k USD)                          | 2     | Low              |
| New exporters in SL (>100k USD)                         | 1     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 71%   | Very high        |
| Japan's share of Indian market                          | 4%    | Average          |
| Korea's share of Indian market                          | 1%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 852%  | Very high        |
| Exports from India (vs global per capita)               | 1%    | Low              |
| Exports from China (vs global per capita)               | 160%  | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 0.5   | Very low         |
| Exports from SL (vs global per capita)        | 0.2%  | Low              |
| SL's share of Indian market                   | 0.00% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | <100  | Very low         |
| Worker training in SL                         | 32%   | Very high        |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 1     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 7     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.36 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.3x avg |
| Electricity stability required (BOI estimate)    | 2.0x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.1x avg |
| Engineers required (in USA)                      | 1.6x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.1x avg |
| Skilled workers required (in SL)                 | 2.0x avg |
| Skilled workers required (in USA)                | 1.1x avg |
| Research & development use (in OECD)             | 1.4x avg |
| Research & development use (in UK)               | 1.0x avg |

## Notes:

Sector defined as HS 8541. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

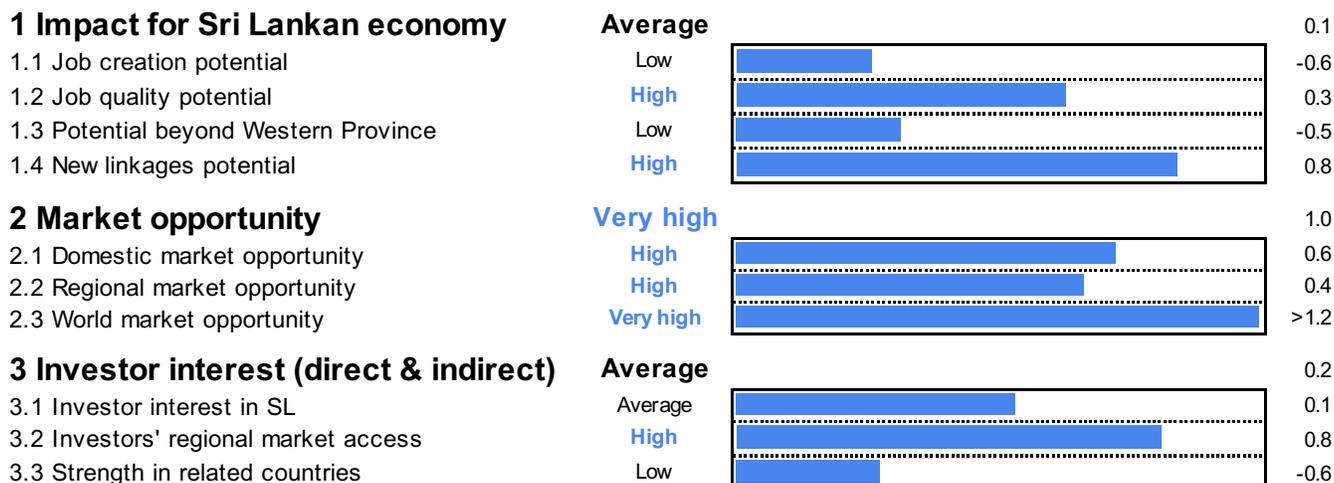
# Motor vehicle parts and accessories

Subsector

## Key statistics (2015-2016)

|                                 |       |  |       |
|---------------------------------|-------|--|-------|
| Exports from Sri Lanka (USD mn) | 6.6   | Major exporters (over USD 1mn for 3 years) | 1     |
| Imports from Sri Lanka (USD mn) | 93.0  | BOI companies in operation                 | 1     |
| World market (USD bn)           | 338.8 | Employment in Sri Lanka                    | 1,654 |

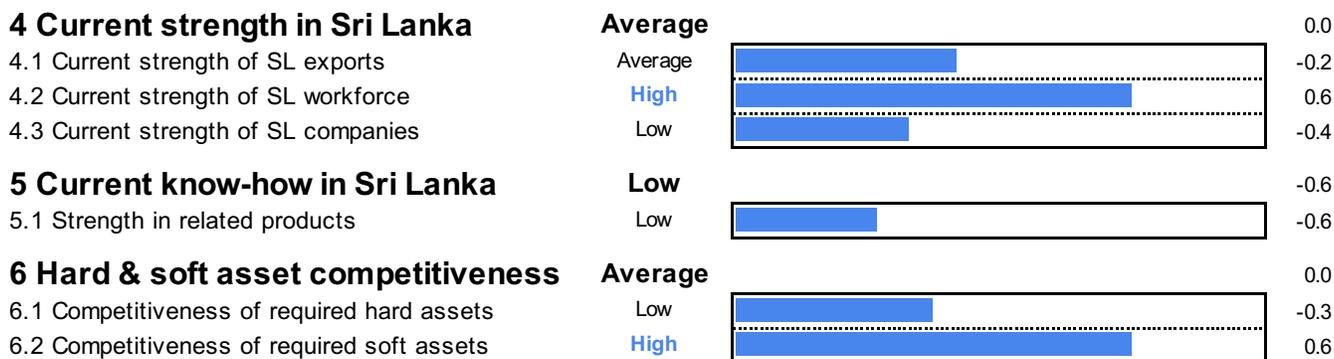
## SECTOR PRIORITIZATION **2nd / 29 subsectors (score = 0.45)** **TOP PRIORITY\***



\*Highest impact, market opportunity, or investor interest » Top priority for promotion

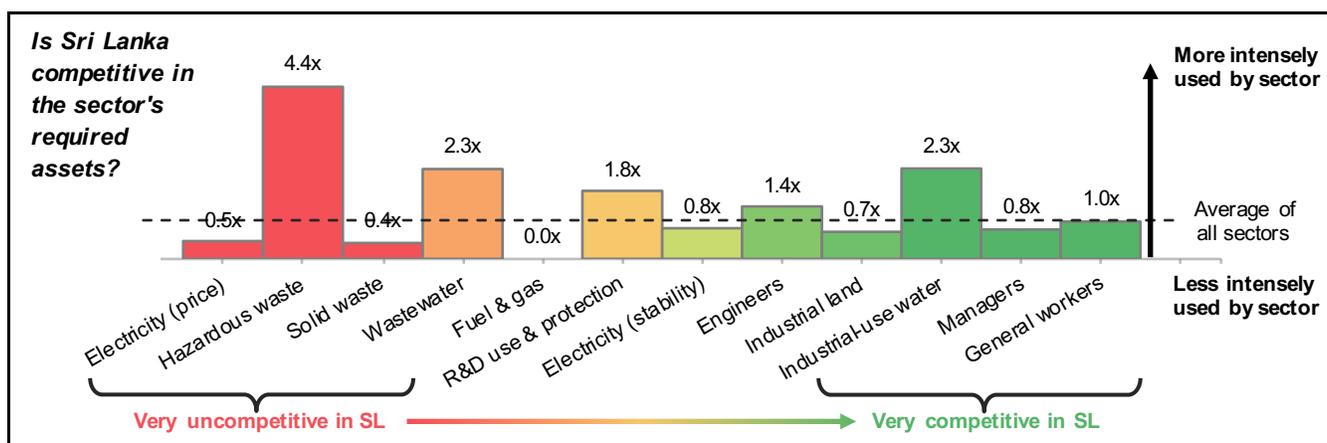
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***



\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Motor vehicle parts and accessories

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | -0.29  | Low              |
| Wages per value added (USA)                  | 63%    | Very low         |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 84     | High             |
| Average wage rate (peers; z-score)           | 0.13   | High             |
| Average wage rate (USA; USD per year)        | 57,000 | Very high        |
| Employment for youth (in SL)                 | 44%    | Very high        |
| Employment for women (in SL)                 | 12%    | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 27%    | Low              |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.84   | High             |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 93     | Very high        |
| Imports in SL (vs global per capita)       | 10%    | Low              |
| Imports in SL (3-year increase, USD mn)    | +24    | Very high        |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 3,482  | Very high        |
| Imports in India (vs global per capita)    | 6%     | Low              |
| Imports in India (3-year increase, USD mn) | +9     | Very low         |
| Coverage under ISFTA                       | 100%   | High             |
| Imports in China (current, USD mn)         | 22,534 | Very high        |
| Imports in China (vs global per capita)    | 36%    | Average          |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 338.8  | Very high        |
| Imports globally (3-year increase, USD bn) | +24.6  | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 0     | Low              |
| New exporters in SL (>10k USD)                          | 16    | Average          |
| New exporters in SL (>100k USD)                         | 6     | Low              |
| Rate of new vs. consistent exporters                    | 2.0   | Very high        |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 17%   | Low              |
| Japan's share of Indian market                          | 13%   | Very high        |
| Korea's share of Indian market                          | 17%   | Very high        |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 90%   | Low              |
| Exports from India (vs global per capita)               | 6%    | Low              |
| Exports from China (vs global per capita)               | 44%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 6.6   | Average          |
| Exports from SL (vs global per capita)        | 0.7%  | Low              |
| SL's share of Indian market                   | 0.01% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 1,654 | High             |
| Worker training in SL                         | 37%   | Very high        |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 3     | Low              |
| Consistent exporters in SL (>1mn USD)         | 1     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 1     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.58 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 4.4x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.8x avg |
| Engineers required (in USA)                      | 1.4x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 0.9x avg |
| Skilled workers required (in SL)                 | 1.1x avg |
| Skilled workers required (in USA)                | 1.3x avg |
| Research & development use (in OECD)             | 2.3x avg |
| Research & development use (in UK)               | 1.2x avg |

## Notes:

Sector defined as HS 8708. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Hand tool components

Subsector

## Key statistics (2015-2016)

|                                 |      |  |      |
|---------------------------------|------|--|------|
| Exports from Sri Lanka (USD mn) | 5.5  | Major exporters (over USD 1mn for 3 years) | 1    |
| Imports from Sri Lanka (USD mn) | 9.5  | BOI companies in operation                 | 4    |
| World market (USD bn)           | 20.3 | Employment in Sri Lanka                    | <100 |

## SECTOR PRIORITIZATION **3rd / 29 subsectors (score = 0.35)** **TOP PRIORITY\***

| Category   | Priority       | z-score |
|--|----------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>High</b>    | 0.5     |
| 1.1 Job creation potential                         | High           | 0.5     |
| 1.2 Job quality potential                          | Average        | 0.0     |
| 1.3 Potential beyond Western Province              | Low            | -0.4    |
| 1.4 New linkages potential                         | Very high      | >1.2    |
| <b>2 Market opportunity</b>                        | <b>Average</b> | 0.1     |
| 2.1 Domestic market opportunity                    | Low            | -0.4    |
| 2.2 Regional market opportunity                    | High           | 0.5     |
| 2.3 World market opportunity                       | Average        | -0.1    |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>High</b>    | 0.4     |
| 3.1 Investor interest in SL                        | Average        | -0.2    |
| 3.2 Investors' regional market access              | Very high      | >1.2    |
| 3.3 Strength in related countries                  | Low            | -0.5    |

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

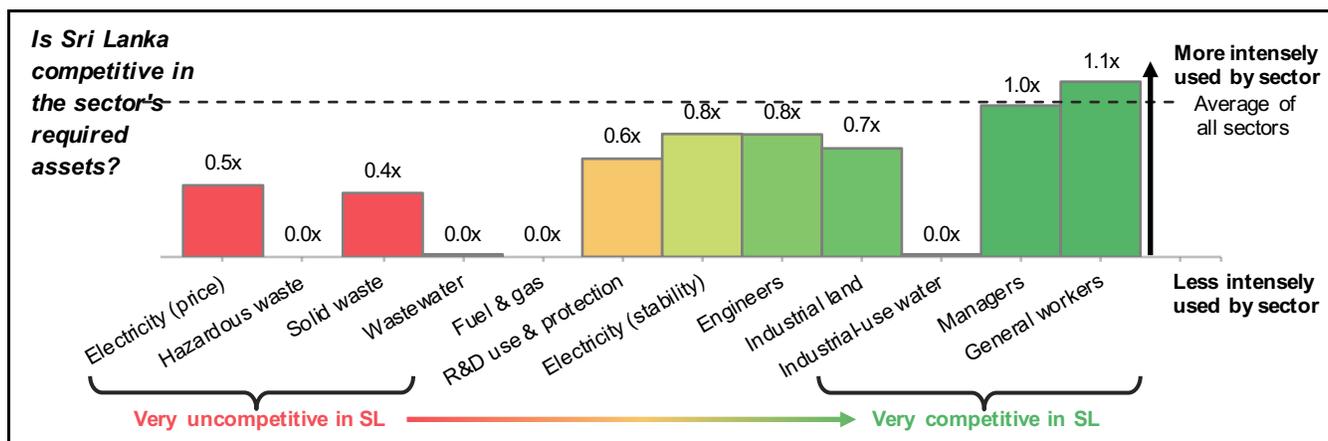
z-score

## SECTOR STRATEGY **KNOWHOW NEEDED\*\***

|  |                 |       |
|--|-----------------|-------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Very low</b> | -1.0  |
| 4.1 Current strength of SL exports             | Average         | -0.2  |
| 4.2 Current strength of SL workforce           | Very low        | <-1.2 |
| 4.3 Current strength of SL companies           | Low             | -0.4  |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Very low</b> | -1.1  |
| 5.1 Strength in related products               | Very low        | -1.1  |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>High</b>     | 0.3   |
| 6.1 Competitiveness of required hard assets    | Low             | -0.4  |
| 6.2 Competitiveness of required soft assets    | High            | 0.8   |

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Hand tool components

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | 0.78   | Very high        |
| Wages per value added (USA)                  | 76%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 99     | Very high        |
| Average wage rate (peers; z-score)           | -0.50  | Very low         |
| Average wage rate (USA; USD per year)        | 50,122 | High             |
| Employment for youth (in SL)                 | 38%    | High             |
| Employment for women (in SL)                 | 12%    | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 25%    | High             |
| Employment beyond Western Prov.              | 0%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 1.25   | Very high        |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 9     | Low              |
| Imports in SL (vs global per capita)       | 16%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +3    | Low              |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 505   | High             |
| Imports in India (vs global per capita)    | 14%   | Very high        |
| Imports in India (3-year increase, USD mn) | +65   | Average          |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 1,625 | High             |
| Imports in China (vs global per capita)    | 43%   | High             |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 20.3  | Low              |
| Imports globally (3-year increase, USD bn) | -0.3  | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 1     | Low              |
| New exporters in SL (>10k USD)                          | 9     | Low              |
| New exporters in SL (>100k USD)                         | 6     | Low              |
| Rate of new vs. consistent exporters                    | 1.5   | High             |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 15%   | Low              |
| Japan's share of Indian market                          | 21%   | Very high        |
| Korea's share of Indian market                          | 29%   | Very high        |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 121%  | Low              |
| Exports from India (vs global per capita)               | 5%    | Low              |
| Exports from China (vs global per capita)               | 43%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 5.5   | Average          |
| Exports from SL (vs global per capita)        | 10.0% | Low              |
| SL's share of Indian market                   | 0.20% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | <100  | Very low         |
| Worker training in SL                         | 32%   | Very high        |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 4     | Low              |
| Consistent exporters in SL (>1mn USD)         | 1     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 4     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -1.07 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.0x avg |
| Engineers required (in USA)                      | 0.8x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.2x avg |
| Skilled workers required (in SL)                 | 2.0x avg |
| Skilled workers required (in USA)                | 1.1x avg |
| Research & development use (in OECD)             | 0.3x avg |
| Research & development use (in UK)               | 1.0x avg |

## Notes:

Sector defined as HS 8207. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Screws, bolts, washers, nuts

Subsector

## Key statistics (2015-2016)

|                                 |      |  |       |
|---------------------------------|------|--|-------|
| Exports from Sri Lanka (USD mn) | 1.4  | Major exporters (over USD 1mn for 3 years) | 0     |
| Imports from Sri Lanka (USD mn) | 21.8 | BOI companies in operation                 | 17    |
| World market (USD bn)           | 34.9 | Employment in Sri Lanka                    | 2,594 |

## SECTOR PRIORITIZATION

4th / 29 subsectors (score = 0.31)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

High

0.5

1.1 Job creation potential

High

0.6

1.2 Job quality potential

Low

-0.4

1.3 Potential beyond Western Province

Average

0.0

1.4 New linkages potential

Very high

>1.2

### 2 Market opportunity

Average

0.2

2.1 Domestic market opportunity

Low

-0.4

2.2 Regional market opportunity

High

0.3

2.3 World market opportunity

Average

0.2

### 3 Investor interest (direct & indirect)

Average

0.2

3.1 Investor interest in SL

Low

-0.4

3.2 Investors' regional market access

Very high

1.0

3.3 Strength in related countries

Average

-0.2

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

EXISTING OR EMERGING\*\*

### 4 Current strength in Sri Lanka

Average

-0.2

4.1 Current strength of SL exports

Low

-0.4

4.2 Current strength of SL workforce

High

0.3

4.3 Current strength of SL companies

Low

-0.5

### 5 Current know-how in Sri Lanka

Low

-0.7

5.1 Strength in related products

Low

-0.7

### 6 Hard & soft asset competitiveness

High

0.3

6.1 Competitiveness of required hard assets

Low

-0.5

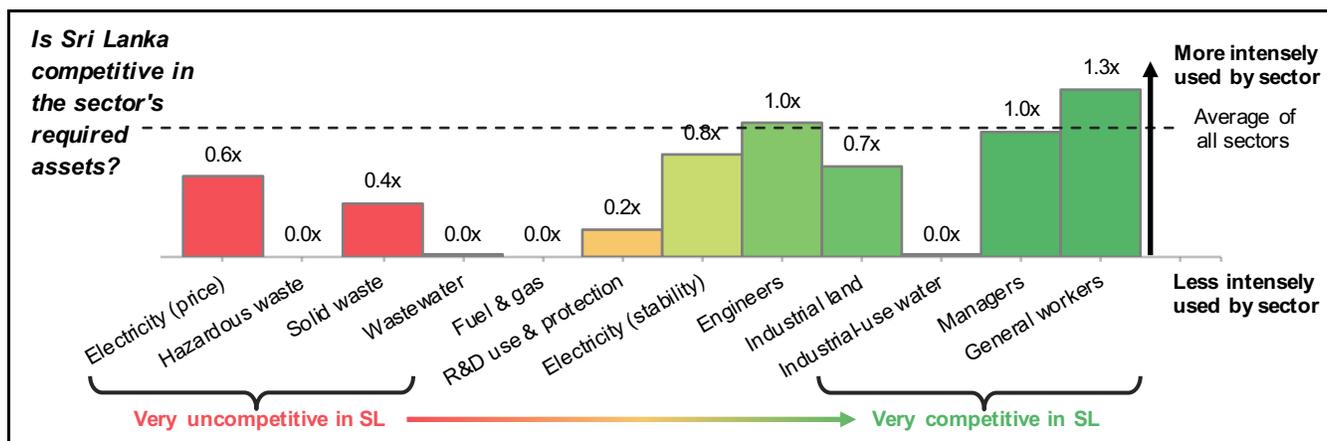
6.2 Competitiveness of required soft assets

Very high

0.9

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Screws, bolts, washers, nuts

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.25   | Very high        |
| Jobs per value added (peers; z-score)        | -0.02  | Low              |
| Wages per value added (USA)                  | 76%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 81     | High             |
| Average wage rate (peers; z-score)           | 0.10   | Average          |
| Average wage rate (USA; USD per year)        | 41,000 | Low              |
| Employment for youth (in SL)                 | 30%    | Low              |
| Employment for women (in SL)                 | 9%     | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 20%    | Average          |
| Employment beyond Western Prov.              | 30%    | Average          |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 1.26   | Very high        |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 22    | Average          |
| Imports in SL (vs global per capita)       | 22%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +1    | Low              |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 604   | High             |
| Imports in India (vs global per capita)    | 9%    | High             |
| Imports in India (3-year increase, USD mn) | -45   | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 2,393 | High             |
| Imports in China (vs global per capita)    | 37%   | Average          |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 34.9  | Average          |
| Imports globally (3-year increase, USD bn) | +5.6  | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 14    | Average          |
| New exporters in SL (>10k USD)                          | 12    | Low              |
| New exporters in SL (>100k USD)                         | 1     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 21%   | Low              |
| Japan's share of Indian market                          | 16%   | Very high        |
| Korea's share of Indian market                          | 12%   | High             |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 150%  | Average          |
| Exports from India (vs global per capita)               | 9%    | Average          |
| Exports from China (vs global per capita)               | 81%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 1.4   | Low              |
| Exports from SL (vs global per capita)        | 2.0%  | Low              |
| SL's share of Indian market                   | 0.01% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 2,594 | High             |
| Worker training in SL                         | 14%   | Low              |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 0     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 17    | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.73 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.0x avg |
| Engineers required (in USA)                      | 1.0x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | 1.0x avg |
| Skilled workers required (in SL)                 | 0.2x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 0.3x avg |
| Research & development use (in UK)               | 0.1x avg |

## Notes:

Sector defined as HS 7318. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Medical devices

Subsector

## Key statistics (2015-2016)

|                                 |       |  |     |
|---------------------------------|-------|--|-----|
| Exports from Sri Lanka (USD mn) | 4.9   | Major exporters (over USD 1mn for 3 years) | 0   |
| Imports from Sri Lanka (USD mn) | 111.2 | BOI companies in operation                 | 4   |
| World market (USD bn)           | 187.5 | Employment in Sri Lanka                    | 144 |

## SECTOR PRIORITIZATION

5th / 29 subsectors (score = 0.31)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

High

0.3

1.1 Job creation potential

High



0.4

1.2 Job quality potential

Average



-0.1

1.3 Potential beyond Western Province

Low



-0.5

1.4 New linkages potential

High



0.7

### 2 Market opportunity

Very high

1.0

2.1 Domestic market opportunity

High



0.7

2.2 Regional market opportunity

High



0.5

2.3 World market opportunity

Very high



>1.2

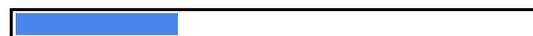
### 3 Investor interest (direct & indirect)

Low

-0.5

3.1 Investor interest in SL

Low



-0.5

3.2 Investors' regional market access

Low



-0.4

3.3 Strength in related countries

Low



-0.7

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

KNOWHOW NEEDED\*\*

### 4 Current strength in Sri Lanka

Low

-0.5

4.1 Current strength of SL exports

Low



-0.3

4.2 Current strength of SL workforce

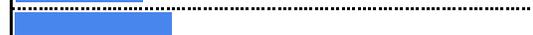
Low



-0.6

4.3 Current strength of SL companies

Low



-0.5

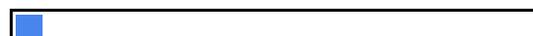
### 5 Current know-how in Sri Lanka

Very low

-1.1

5.1 Strength in related products

Very low



-1.1

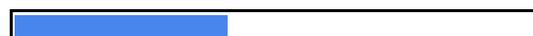
### 6 Hard & soft asset competitiveness

High

0.3

6.1 Competitiveness of required hard assets

Average



-0.2

6.2 Competitiveness of required soft assets

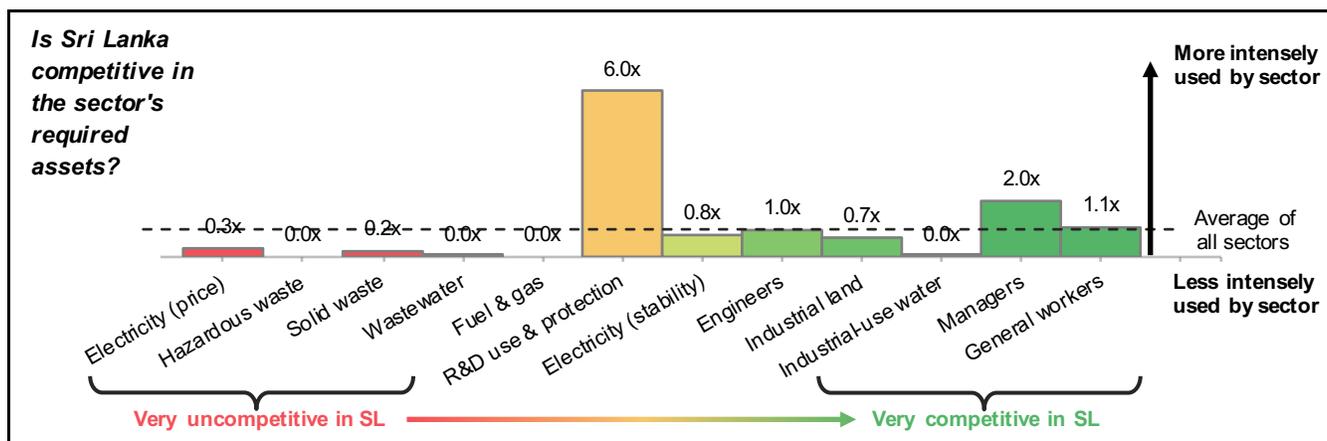
High



0.5

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Medical devices

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.83   | Average          |
| Jobs per value added (peers; z-score)        | 0.24   | Average          |
| Wages per value added (USA)                  | 81%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 77     | Average          |
| Average wage rate (peers; z-score)           | 0.38   | High             |
| Average wage rate (USA; USD per year)        | 38,000 | Low              |
| Employment for youth (in SL)                 | 25%    | Very low         |
| Employment for women (in SL)                 | 39%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 26%    | Low              |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.72   | High             |

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 2: Market opportunity</b>         |        |                  |
| <b>2.1 Domestic market opportunity</b>     |        |                  |
| Imports in SL (current, USD mn)            | 111    | Very high        |
| Imports in SL (vs global per capita)       | 22%    | Low              |
| Imports in SL (3-year increase, USD mn)    | +27    | Very high        |
| <b>2.2 Regional market opportunity</b>     |        |                  |
| Imports in India (current, USD mn)         | 2,196  | Very high        |
| Imports in India (vs global per capita)    | 7%     | Average          |
| Imports in India (3-year increase, USD mn) | -194   | Very low         |
| Coverage under ISFTA                       | 100%   | High             |
| Imports in China (current, USD mn)         | 11,140 | Very high        |
| Imports in China (vs global per capita)    | 32%    | Average          |
| <b>2.3 World market opportunity</b>        |        |                  |
| Imports globally (current, USD bn)         | 187.5  | Very high        |
| Imports globally (3-year increase, USD bn) | +41.8  | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 8     | Average          |
| New exporters in SL (>10k USD)                          | 8     | Low              |
| New exporters in SL (>100k USD)                         | 1     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 14%   | Low              |
| Japan's share of Indian market                          | 3%    | Low              |
| Korea's share of Indian market                          | 7%    | Average          |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 103%  | Low              |
| Exports from India (vs global per capita)               | 4%    | Low              |
| Exports from China (vs global per capita)               | 28%   | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 4.9   | Average          |
| Exports from SL (vs global per capita)        | 0.7%  | Low              |
| SL's share of Indian market                   | 0.02% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 144   | Low              |
| Worker training in SL                         | 17%   | Average          |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 1     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 4     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -1.12 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.3x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.2x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 2.0x avg |
| Engineers required (in USA)                      | 1.0x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.1x avg |
| Skilled workers required (in SL)                 | 1.1x avg |
| Skilled workers required (in USA)                | 1.4x avg |
| Research & development use (in OECD)             | 2.4x avg |
| Research & development use (in UK)               | 9.6x avg |

## Notes:

Sector defined as HS 9018, 9019, 9021, 9022. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Molding boxes for metal foundry

Subsector

## Key statistics (2015-2016)

|                                 |      |  |     |
|---------------------------------|------|--|-----|
| Exports from Sri Lanka (USD mn) | 3.7  | Major exporters (over USD 1mn for 3 years) | 1   |
| Imports from Sri Lanka (USD mn) | 24.0 | BOI companies in operation                 | 3   |
| World market (USD bn)           | 16.8 | Employment in Sri Lanka                    | 174 |

## SECTOR PRIORITIZATION

6th / 29 subsectors (score = 0.30)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

High

0.6

1.1 Job creation potential

High

0.7

1.2 Job quality potential

Low

-0.3

1.3 Potential beyond Western Province

High

0.5

1.4 New linkages potential

Very high

1.0

### 2 Market opportunity

Average

0.2

2.1 Domestic market opportunity

Average

0.0

2.2 Regional market opportunity

High

0.8

2.3 World market opportunity

Low

-0.4

### 3 Investor interest (direct & indirect)

Average

0.1

3.1 Investor interest in SL

Low

-0.3

3.2 Investors' regional market access

High

0.8

3.3 Strength in related countries

Average

-0.1

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

KNOWHOW NEEDED\*\*

### 4 Current strength in Sri Lanka

Low

-0.4

4.1 Current strength of SL exports

Low

-0.3

4.2 Current strength of SL workforce

Low

-0.6

4.3 Current strength of SL companies

Low

-0.4

### 5 Current know-how in Sri Lanka

Low

-0.7

5.1 Strength in related products

Low

-0.7

### 6 Hard & soft asset competitiveness

High

0.4

6.1 Competitiveness of required hard assets

Low

-0.4

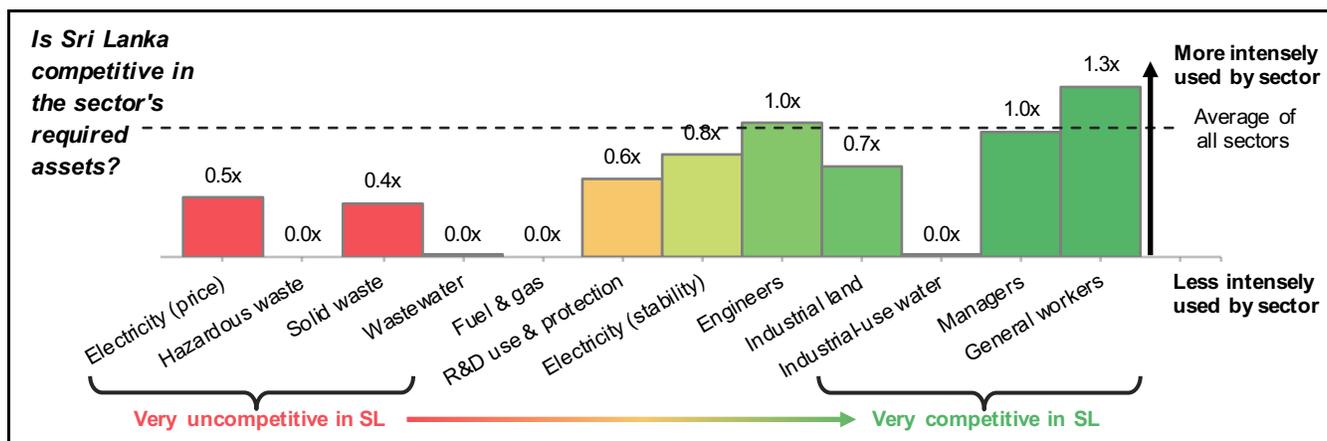
6.2 Competitiveness of required soft assets

High

0.8

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Molding boxes for metal foundry

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.25   | Very high        |
| Jobs per value added (peers; z-score)        | 0.19   | Average          |
| Wages per value added (USA)                  | 76%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 81     | High             |
| Average wage rate (peers; z-score)           | 0.42   | Very high        |
| Average wage rate (USA; USD per year)        | 40,800 | Low              |
| Employment for youth (in SL)                 | 30%    | Low              |
| Employment for women (in SL)                 | 9%     | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 91%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 1.01   | Very high        |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 24    | Average          |
| Imports in SL (vs global per capita)       | 50%   | Average          |
| Imports in SL (3-year increase, USD mn)    | +6    | Average          |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 617   | High             |
| Imports in India (vs global per capita)    | 20%   | Very high        |
| Imports in India (3-year increase, USD mn) | +209  | Very high        |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 1,148 | Average          |
| Imports in China (vs global per capita)    | 36%   | Average          |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 17.0  | Low              |
| Imports globally (3-year increase, USD bn) | +2.1  | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 3     | Low              |
| New exporters in SL (>10k USD)                          | 12    | Low              |
| New exporters in SL (>100k USD)                         | 5     | Low              |
| Rate of new vs. consistent exporters                    | 1.3   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 33%   | High             |
| Japan's share of Indian market                          | 5%    | Average          |
| Korea's share of Indian market                          | 35%   | Very high        |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 147%  | Low              |
| Exports from India (vs global per capita)               | 4%    | Low              |
| Exports from China (vs global per capita)               | 135%  | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 3.7   | Average          |
| Exports from SL (vs global per capita)        | 8.0%  | Low              |
| SL's share of Indian market                   | 0.10% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 174   | Low              |
| Worker training in SL                         | 14%   | Low              |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 4     | Low              |
| Consistent exporters in SL (>1mn USD)         | 1     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 3     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.72 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.0x avg |
| Engineers required (in USA)                      | 1.0x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | 1.1x avg |
| Skilled workers required (in SL)                 | 0.4x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 1.1x avg |
| Research & development use (in UK)               | 0.1x avg |

## Notes:

Sector defined as HS 8480. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Industrial production machines & robots

Subsector

## Key statistics (2015-2016)

|                                 |      |  |     |
|---------------------------------|------|--|-----|
| Exports from Sri Lanka (USD mn) | 3.1  | Major exporters (over USD 1mn for 3 years) | 0   |
| Imports from Sri Lanka (USD mn) | 53.9 | BOI companies in operation                 | 3   |
| World market (USD bn)           | 77.6 | Employment in Sri Lanka                    | 898 |

## SECTOR PRIORITIZATION

7th / 29 subsectors (score = 0.27)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

High

0.3

1.1 Job creation potential

Average

0.1

1.2 Job quality potential

Average

0.0

1.3 Potential beyond Western Province

Low

-0.8

1.4 New linkages potential

Very high

>1.2

### 2 Market opportunity

High

0.6

2.1 Domestic market opportunity

High

0.4

2.2 Regional market opportunity

High

0.5

2.3 World market opportunity

High

0.7

### 3 Investor interest (direct & indirect)

Average

-0.2

3.1 Investor interest in SL

Low

-0.4

3.2 Investors' regional market access

High

0.4

3.3 Strength in related countries

Low

-0.5

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

KNOWHOW NEEDED\*\*

### 4 Current strength in Sri Lanka

Low

-0.3

4.1 Current strength of SL exports

Low

-0.3

4.2 Current strength of SL workforce

Average

-0.1

4.3 Current strength of SL companies

Low

-0.4

### 5 Current know-how in Sri Lanka

Very low

-1.1

5.1 Strength in related products

Very low

-1.1

### 6 Hard & soft asset competitiveness

High

0.3

6.1 Competitiveness of required hard assets

Low

-0.4

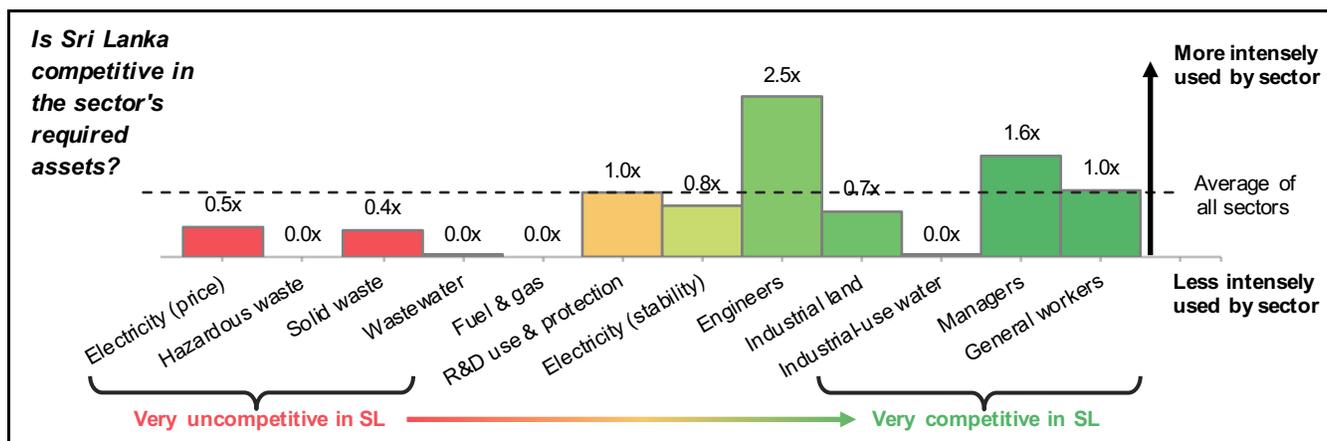
6.2 Competitiveness of required soft assets

High

0.7

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Industrial production machines & robots

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | 0.19   | Average          |
| Wages per value added (USA)                  | 74%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 76     | Average          |
| Average wage rate (peers; z-score)           | 0.42   | Very high        |
| Average wage rate (USA; USD per year)        | 50,700 | High             |
| Employment for youth (in SL)                 | 29%    | Low              |
| Employment for women (in SL)                 | 22%    | Low              |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 3%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 1.30   | Very high        |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 54    | High             |
| Imports in SL (vs global per capita)       | 24%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +17   | High             |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 1,175 | Very high        |
| Imports in India (vs global per capita)    | 8%    | Average          |
| Imports in India (3-year increase, USD mn) | -340  | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 9,550 | Very high        |
| Imports in China (vs global per capita)    | 66%   | Very high        |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 77.6  | Very high        |
| Imports globally (3-year increase, USD bn) | +9.2  | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 3     | Low              |
| New exporters in SL (>10k USD)                          | 15    | Low              |
| New exporters in SL (>100k USD)                         | 4     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 22%   | Low              |
| Japan's share of Indian market                          | 11%   | Very high        |
| Korea's share of Indian market                          | 6%    | Average          |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 131%  | Low              |
| Exports from India (vs global per capita)               | 4%    | Low              |
| Exports from China (vs global per capita)               | 41%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 3.2   | Average          |
| Exports from SL (vs global per capita)        | 1.0%  | Low              |
| SL's share of Indian market                   | 0.00% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 898   | Average          |
| Worker training in SL                         | 10%   | Low              |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 4     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 3     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -1.07 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.6x avg |
| Engineers required (in USA)                      | 2.5x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.1x avg |
| Skilled workers required (in SL)                 | 0.8x avg |
| Skilled workers required (in USA)                | 1.0x avg |
| Research & development use (in OECD)             | 1.1x avg |
| Research & development use (in UK)               | 0.9x avg |

## Notes:

Sector defined as HS 8479. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Ceramics

Subsector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 38.8  | Major exporters (over USD 1mn for 3 years) | 6      |
| Imports from Sri Lanka (USD mn) | 103.9 | BOI companies in operation                 | 10     |
| World market (USD bn)           | 50.8  | Employment in Sri Lanka                    | 34,135 |

## SECTOR PRIORITIZATION

8th / 29 subsectors (score = 0.26)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

Average

-0.1

1.1 Job creation potential

Average

-0.1

1.2 Job quality potential

Low

-0.6

1.3 Potential beyond Western Province

High

0.7

1.4 New linkages potential

Average

-0.2

### 2 Market opportunity

High

0.5

2.1 Domestic market opportunity

High

0.8

2.2 Regional market opportunity

High

0.4

2.3 World market opportunity

High

0.6

### 3 Investor interest (direct & indirect)

High

0.3

3.1 Investor interest in SL

High

0.6

3.2 Investors' regional market access

Average

0.1

3.3 Strength in related countries

High

0.4

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

EXISTING OR EMERGING\*\*

### 4 Current strength in Sri Lanka

High

0.5

4.1 Current strength of SL exports

Average

0.1

4.2 Current strength of SL workforce

Very high

1.1

4.3 Current strength of SL companies

Average

0.2

### 5 Current know-how in Sri Lanka

Average

-0.1

5.1 Strength in related products

Average

-0.1

### 6 Hard & soft asset competitiveness

Average

-0.2

6.1 Competitiveness of required hard assets

Low

-0.4

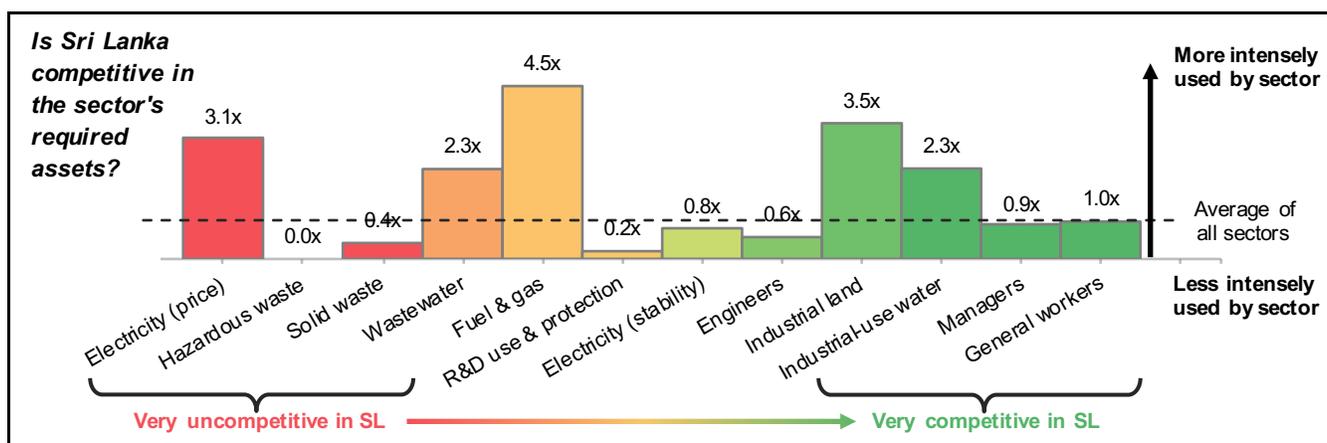
6.2 Competitiveness of required soft assets

Very high

0.9

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.65   | Low              |
| Jobs per value added (peers; z-score)        | 0.44   | High             |
| Wages per value added (USA)                  | 71%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 75     | Low              |
| Average wage rate (peers; z-score)           | -0.59  | Very low         |
| Average wage rate (USA; USD per year)        | 41,300 | Low              |
| Employment for youth (in SL)                 | 20%    | Very low         |
| Employment for women (in SL)                 | 32%    | Average          |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 17%    | Average          |
| Employment beyond Western Prov.              | 83%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -0.22  | Average          |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 104   | Very high        |
| Imports in SL (vs global per capita)       | 72%   | Average          |
| Imports in SL (3-year increase, USD mn)    | +38   | Very high        |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 807   | High             |
| Imports in India (vs global per capita)    | 9%    | Average          |
| Imports in India (3-year increase, USD mn) | +64   | Average          |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 636   | Average          |
| Imports in China (vs global per capita)    | 7%    | Very low         |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 50.8  | High             |
| Imports globally (3-year increase, USD bn) | +11.5 | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 13    | Average          |
| New exporters in SL (>10k USD)                          | 68    | Very high        |
| New exporters in SL (>100k USD)                         | 16    | High             |
| Rate of new vs. consistent exporters                    | 1.2   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 71%   | Very high        |
| Japan's share of Indian market                          | 1%    | Low              |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 87%   | Low              |
| Exports from India (vs global per capita)               | 9%    | Average          |
| Exports from China (vs global per capita)               | 230%  | Very high        |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 38.8   | High             |
| Exports from SL (vs global per capita)        | 26.7%  | Low              |
| SL's share of Indian market                   | 0.23%  | Low              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 34,135 | Very high        |
| Worker training in SL                         | 7%     | Very low         |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 13     | High             |
| Consistent exporters in SL (>1mn USD)         | 6      | High             |
| Consistent exporters in SL (>10mn USD)        | 1      | Average          |
| BOI companies in operation                    | 10     | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.07 | Average          |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 3.5x avg |
| Energy use (UNIDO estimate)                      | 3.3x avg |
| Energy use (BOI estimate)                        | 3.0x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 4.5x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.9x avg |
| Engineers required (in USA)                      | 0.6x avg |
| General workers required (in SL)                 | 0.8x avg |
| General workers required (in peer countries)     | 1.1x avg |
| Skilled workers required (in SL)                 | 0.5x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 0.3x avg |
| Research & development use (in UK)               | 0.1x avg |

**Notes:**

Sector defined as HS 69. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Electricity distribution panels

Subsector

## Key statistics (2015-2016)

|                                 |      |  |     |
|---------------------------------|------|--|-----|
| Exports from Sri Lanka (USD mn) | 28.3 | Major exporters (over USD 1mn for 3 years) | 2   |
| Imports from Sri Lanka (USD mn) | 32.0 | BOI companies in operation                 | 11  |
| World market (USD bn)           | 52.1 | Employment in Sri Lanka                    | 221 |

## SECTOR PRIORITIZATION

9th / 29 subsectors (score = 0.24)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

Average

0.1

1.1 Job creation potential

Average

0.0

1.2 Job quality potential

High

0.8

1.3 Potential beyond Western Province

Low

-0.7

1.4 New linkages potential

High

0.3

### 2 Market opportunity

High

0.5

2.1 Domestic market opportunity

Average

0.0

2.2 Regional market opportunity

High

0.4

2.3 World market opportunity

High

0.6

### 3 Investor interest (direct & indirect)

Average

0.1

3.1 Investor interest in SL

High

0.3

3.2 Investors' regional market access

Average

0.2

3.3 Strength in related countries

Average

-0.2

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

EXISTING OR EMERGING\*\*

### 4 Current strength in Sri Lanka

Average

-0.1

4.1 Current strength of SL exports

Average

0.0

4.2 Current strength of SL workforce

Average

-0.2

4.3 Current strength of SL companies

Average

-0.2

### 5 Current know-how in Sri Lanka

Average

-0.2

5.1 Strength in related products

Average

-0.2

### 6 Hard & soft asset competitiveness

High

0.3

6.1 Competitiveness of required hard assets

Average

-0.2

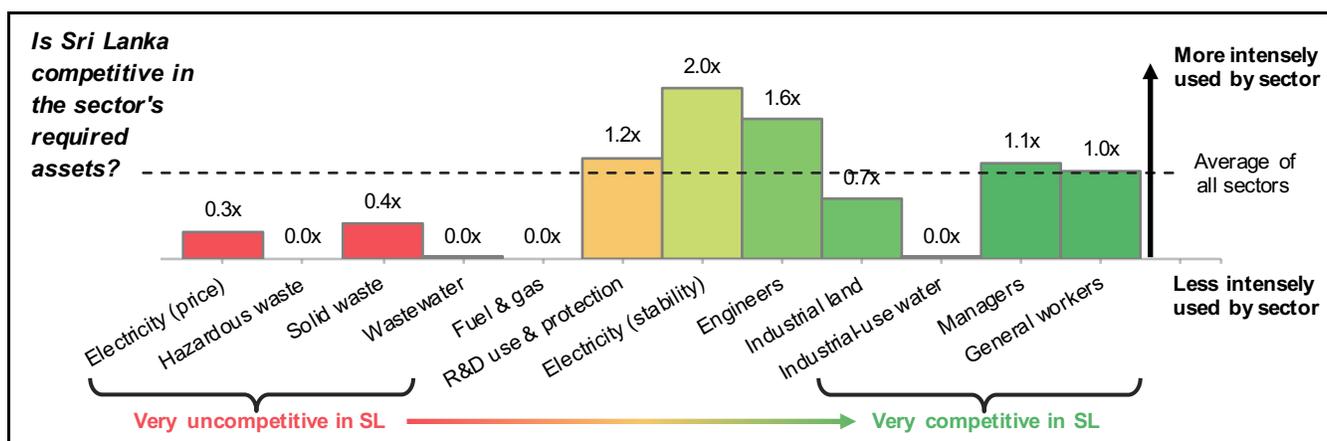
6.2 Competitiveness of required soft assets

High

0.7

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Electricity distribution panels

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | 0.08   | Average          |
| Wages per value added (USA)                  | 74%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 81     | High             |
| Average wage rate (peers; z-score)           | 0.22   | High             |
| Average wage rate (USA; USD per year)        | 50,000 | Average          |
| Employment for youth (in SL)                 | 51%    | Very high        |
| Employment for women (in SL)                 | 40%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 10%    | Low              |
| Employment beyond Western Prov.              | 2%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.31   | High             |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 32    | High             |
| Imports in SL (vs global per capita)       | 21%   | Low              |
| Imports in SL (3-year increase, USD mn)    | -1    | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 590   | High             |
| Imports in India (vs global per capita)    | 6%    | Low              |
| Imports in India (3-year increase, USD mn) | +186  | Very high        |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 4,350 | High             |
| Imports in China (vs global per capita)    | 45%   | High             |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 52.1  | High             |
| Imports globally (3-year increase, USD bn) | +9.9  | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 9     | Average          |
| New exporters in SL (>10k USD)                          | 25    | Average          |
| New exporters in SL (>100k USD)                         | 9     | Average          |
| Rate of new vs. consistent exporters                    | 1.8   | Very high        |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 21%   | Low              |
| Japan's share of Indian market                          | 8%    | High             |
| Korea's share of Indian market                          | 7%    | Average          |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 233%  | High             |
| Exports from India (vs global per capita)               | 5%    | Low              |
| Exports from China (vs global per capita)               | 72%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 28.3  | High             |
| Exports from SL (vs global per capita)        | 19.0% | Low              |
| SL's share of Indian market                   | 0.00% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 221   | Low              |
| Worker training in SL                         | 30%   | Very high        |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 5     | Average          |
| Consistent exporters in SL (>1mn USD)         | 2     | Low              |
| Consistent exporters in SL (>10mn USD)        | 1     | Average          |
| BOI companies in operation                    | 11    | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.18 | Average          |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.3x avg |
| Electricity stability required (BOI estimate)    | 2.0x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.1x avg |
| Engineers required (in USA)                      | 1.6x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.0x avg |
| Skilled workers required (in SL)                 | 1.0x avg |
| Skilled workers required (in USA)                | 1.1x avg |
| Research & development use (in OECD)             | 1.4x avg |
| Research & development use (in UK)               | 1.0x avg |

## Notes:

Sector defined as HS 8537. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Valves

Subsector

## Key statistics (2015-2016)

|                                 |      |  |     |
|---------------------------------|------|--|-----|
| Exports from Sri Lanka (USD mn) | 0.7  | Major exporters (over USD 1mn for 3 years) | 0   |
| Imports from Sri Lanka (USD mn) | 49.8 | BOI companies in operation                 | 1   |
| World market (USD bn)           | 83.5 | Employment in Sri Lanka                    | 603 |

## SECTOR PRIORITIZATION

10th / 29 subsectors (score = 0.18)

TOP PRIORITY\*

### 1 Impact for Sri Lankan economy

High

0.3

1.1 Job creation potential

Average



0.0

1.2 Job quality potential

Average



-0.2

1.3 Potential beyond Western Province

Low



-0.8

1.4 New linkages potential

Very high



>1.2

### 2 Market opportunity

High

0.5

2.1 Domestic market opportunity

Average



0.2

2.2 Regional market opportunity

High



0.3

2.3 World market opportunity

High



0.7

### 3 Investor interest (direct & indirect)

Low

-0.3

3.1 Investor interest in SL

Low



-0.6

3.2 Investors' regional market access

Average



-0.1

3.3 Strength in related countries

Average



-0.2

\*Highest impact, market opportunity, or investor interest » Top priority for promotion

z-score

## SECTOR STRATEGY

KNOWHOW NEEDED\*\*

### 4 Current strength in Sri Lanka

Low

-0.4

4.1 Current strength of SL exports

Low



-0.6

4.2 Current strength of SL workforce

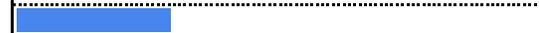
Low



-0.3

4.3 Current strength of SL companies

Low



-0.5

### 5 Current know-how in Sri Lanka

Very low

-1.0

5.1 Strength in related products

Very low



-1.0

### 6 Hard & soft asset competitiveness

High

0.3

6.1 Competitiveness of required hard assets

Low



-0.4

6.2 Competitiveness of required soft assets

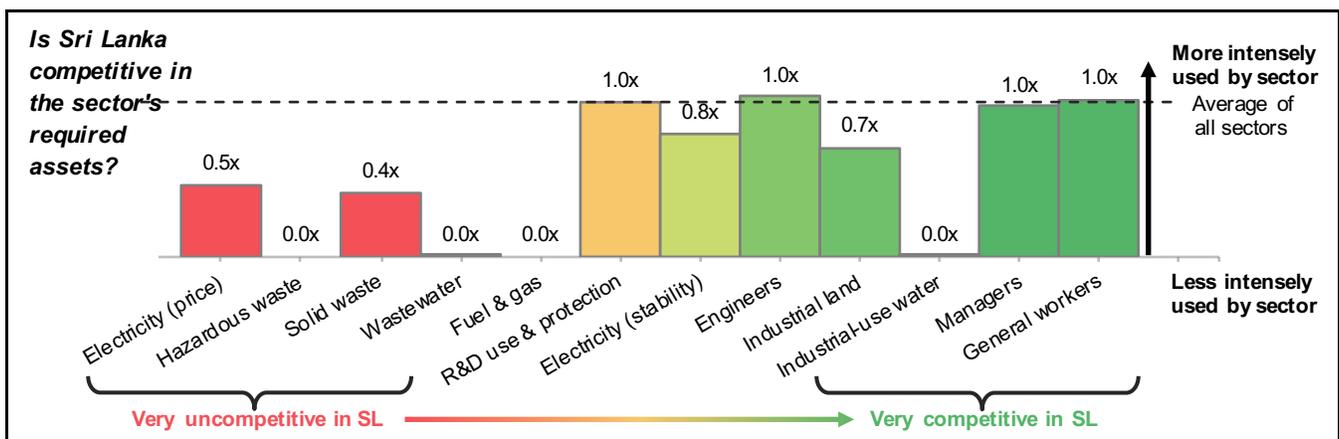
High



0.8

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | -0.02  | Low              |
| Wages per value added (USA)                  | 74%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 76     | Average          |
| Average wage rate (peers; z-score)           | 0.34   | High             |
| Average wage rate (USA; USD per year)        | 40,776 | Low              |
| Employment for youth (in SL)                 | 29%    | Low              |
| Employment for women (in SL)                 | 22%    | Low              |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 5%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 1.24   | Very high        |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 50    | High             |
| Imports in SL (vs global per capita)       | 21%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +10   | High             |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 1,187 | Very high        |
| Imports in India (vs global per capita)    | 8%    | Average          |
| Imports in India (3-year increase, USD mn) | +15   | Low              |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 6,153 | Very high        |
| Imports in China (vs global per capita)    | 40%   | Average          |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 83.5  | Very high        |
| Imports globally (3-year increase, USD bn) | +8.9  | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 0     | Low              |
| New exporters in SL (>10k USD)                          | 8     | Low              |
| New exporters in SL (>100k USD)                         | 1     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 18%   | Low              |
| Japan's share of Indian market                          | 7%    | Average          |
| Korea's share of Indian market                          | 5%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 120%  | Low              |
| Exports from India (vs global per capita)               | 9%    | Average          |
| Exports from China (vs global per capita)               | 93%   | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 0.7   | Low              |
| Exports from SL (vs global per capita)        | 0.3%  | Low              |
| SL's share of Indian market                   | 0.01% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 603   | Average          |
| Worker training in SL                         | 10%   | Low              |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 1     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 1     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.98 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.0x avg |
| Engineers required (in USA)                      | 1.0x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.0x avg |
| Skilled workers required (in SL)                 | 0.8x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 1.1x avg |
| Research & development use (in UK)               | 0.9x avg |

**Notes:**

Sector defined as HS 8481. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Printed circuits

Subsector

## Key statistics (2015-2016)

|                                 |      |  |       |
|---------------------------------|------|--|-------|
| Exports from Sri Lanka (USD mn) | 2.6  | Major exporters (over USD 1mn for 3 years) | 1     |
| Imports from Sri Lanka (USD mn) | 9.8  | BOI companies in operation                 | 12    |
| World market (USD bn)           | 37.7 | Employment in Sri Lanka                    | 2,383 |

## SECTOR PRIORITIZATION **11th** / 29 subsectors (score = 0.17) **NORMAL PRIORITY\***

| Category   | Average          | z-score |
|--|------------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Average</b>   | 0.2     |
| 1.1 Job creation potential                         | Average          | 0.0     |
| 1.2 Job quality potential                          | <b>Very high</b> | 1.2     |
| 1.3 Potential beyond Western Province              | Low              | -0.7    |
| 1.4 New linkages potential                         | <b>High</b>      | 0.4     |
| <b>2 Market opportunity</b>                        | <b>Average</b>   | 0.1     |
| 2.1 Domestic market opportunity                    | Low              | -0.3    |
| 2.2 Regional market opportunity                    | Average          | 0.1     |
| 2.3 World market opportunity                       | Average          | 0.2     |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Average</b>   | 0.2     |
| 3.1 Investor interest in SL                        | <b>High</b>      | 0.4     |
| 3.2 Investors' regional market access              | Average          | -0.1    |
| 3.3 Strength in related countries                  | Average          | 0.1     |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

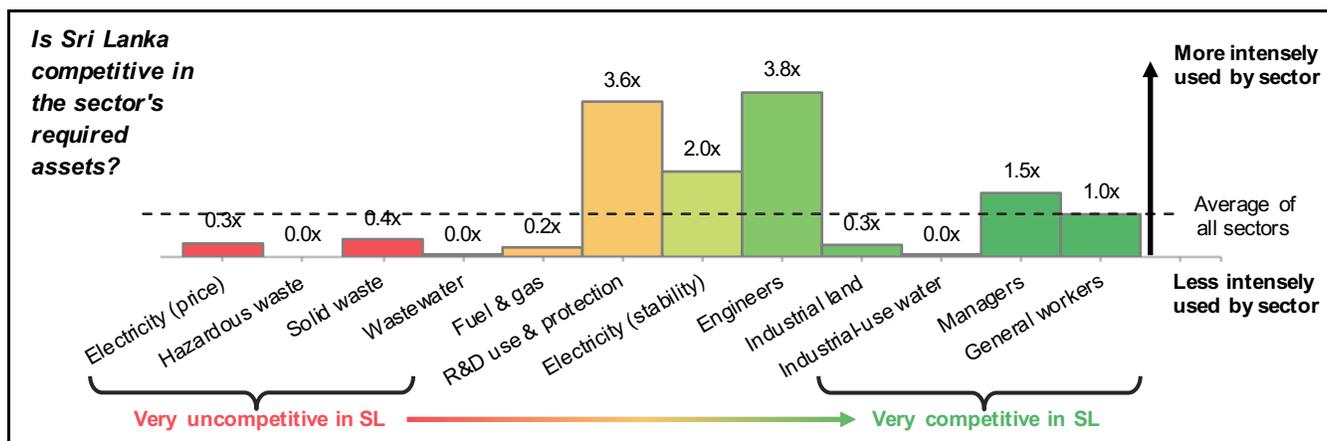
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***

| Category                                       | Average        | z-score |
|--|----------------|---------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Average</b> | 0.0     |
| 4.1 Current strength of SL exports             | Low            | -0.3    |
| 4.2 Current strength of SL workforce           | <b>High</b>    | 0.6     |
| 4.3 Current strength of SL companies           | Low            | -0.4    |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Average</b> | -0.2    |
| 5.1 Strength in related products               | Average        | -0.2    |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Average</b> | 0.2     |
| 6.1 Competitiveness of required hard assets    | Low            | -0.4    |
| 6.2 Competitiveness of required soft assets    | <b>High</b>    | 0.5     |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Printed circuits

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | 0.01   | Average          |
| Wages per value added (USA)                  | 74%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 81     | High             |
| Average wage rate (peers; z-score)           | 0.17   | High             |
| Average wage rate (USA; USD per year)        | 76,700 | Very high        |
| Employment for youth (in SL)                 | 51%    | Very high        |
| Employment for women (in SL)                 | 40%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 5%     | Low              |
| Employment beyond Western Prov.              | 3%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.45   | High             |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 10    | Low              |
| Imports in SL (vs global per capita)       | 9%    | Low              |
| Imports in SL (3-year increase, USD mn)    | -1    | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 244   | Average          |
| Imports in India (vs global per capita)    | 4%    | Low              |
| Imports in India (3-year increase, USD mn) | -48   | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 6,923 | Very high        |
| Imports in China (vs global per capita)    | 99%   | Very high        |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 37.7  | High             |
| Imports globally (3-year increase, USD bn) | +4.8  | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 3     | Low              |
| New exporters in SL (>10k USD)                          | 3     | Low              |
| New exporters in SL (>100k USD)                         | 3     | Low              |
| Rate of new vs. consistent exporters                    | 3.0   | Very high        |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 51%   | Very high        |
| Japan's share of Indian market                          | 1%    | Low              |
| Korea's share of Indian market                          | 6%    | Average          |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 67%   | Low              |
| Exports from India (vs global per capita)               | 2%    | Low              |
| Exports from China (vs global per capita)               | 230%  | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 2.6   | Low              |
| Exports from SL (vs global per capita)        | 2.4%  | Low              |
| SL's share of Indian market                   | 0.00% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 2,383 | High             |
| Worker training in SL                         | 30%   | Very high        |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 1     | Low              |
| Consistent exporters in SL (>1mn USD)         | 1     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 12    | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.24 | Average          |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.3x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.3x avg |
| Electricity stability required (BOI estimate)    | 2.0x avg |
| Fuel or gas use (BOI estimate)                   | 0.2x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.5x avg |
| Engineers required (in USA)                      | 3.8x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.0x avg |
| Skilled workers required (in SL)                 | 1.0x avg |
| Skilled workers required (in USA)                | 2.2x avg |
| Research & development use (in OECD)             | 4.5x avg |
| Research & development use (in UK)               | 2.7x avg |

## Notes:

Sector defined as HS 8534. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Industrial heating equipment

Subsector

## Key statistics (2015-2016)

|                                 |      |  |      |
|---------------------------------|------|--|------|
| Exports from Sri Lanka (USD mn) | 2.4  | Major exporters (over USD 1mn for 3 years) | 0    |
| Imports from Sri Lanka (USD mn) | 29.9 | BOI companies in operation                 | 2    |
| World market (USD bn)           | 36.6 | Employment in Sri Lanka                    | <100 |

## SECTOR PRIORITIZATION 12th / 29 subsectors (score = 0.16) NORMAL PRIORITY\*

| Category   | Priority         | Score |
|--|------------------|-------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>High</b>      | 0.4   |
| 1.1 Job creation potential                         | Average          | -0.2  |
| 1.2 Job quality potential                          | Average          | 0.0   |
| 1.3 Potential beyond Western Province              | Average          | -0.1  |
| 1.4 New linkages potential                         | <b>Very high</b> | 1.2   |
| <b>2 Market opportunity</b>                        | <b>High</b>      | 0.4   |
| 2.1 Domestic market opportunity                    | Average          | -0.1  |
| 2.2 Regional market opportunity                    | <b>High</b>      | 0.7   |
| 2.3 World market opportunity                       | Average          | 0.1   |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Low</b>       | -0.3  |
| 3.1 Investor interest in SL                        | Low              | -0.6  |
| 3.2 Investors' regional market access              | Average          | 0.0   |
| 3.3 Strength in related countries                  | Low              | -0.3  |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

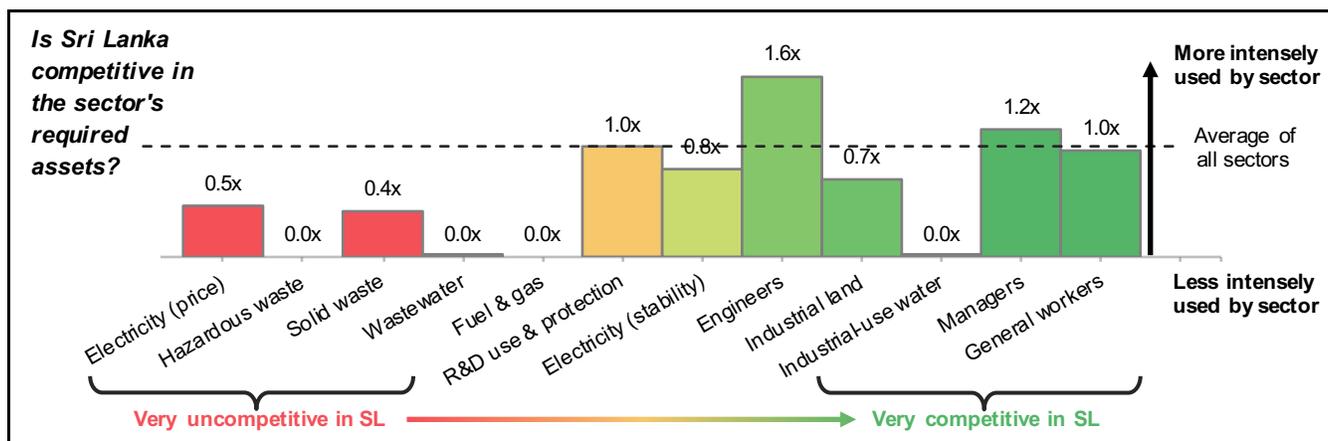
z-score

## SECTOR STRATEGY KNOWHOW NEEDED\*\*

|  |                 |       |
|--|-----------------|-------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Low</b>      | -0.7  |
| 4.1 Current strength of SL exports             | Low             | -0.4  |
| 4.2 Current strength of SL workforce           | Very low        | <-1.2 |
| 4.3 Current strength of SL companies           | Low             | -0.5  |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Very low</b> | -1.0  |
| 5.1 Strength in related products               | Very low        | -1.0  |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>High</b>     | 0.3   |
| 6.1 Competitiveness of required hard assets    | Low             | -0.4  |
| 6.2 Competitiveness of required soft assets    | <b>High</b>     | 0.7   |

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Industrial heating equipment

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | -0.36  | Very low         |
| Wages per value added (USA)                  | 74%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 76     | Average          |
| Average wage rate (peers; z-score)           | 0.56   | Very high        |
| Average wage rate (USA; USD per year)        | 50,700 | High             |
| Employment for youth (in SL)                 | 29%    | Low              |
| Employment for women (in SL)                 | 22%    | Low              |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | .      | n/a              |
| Employment beyond Western Prov.              | 31%    | Average          |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 1.17   | Very high        |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 30    | Average          |
| Imports in SL (vs global per capita)       | 29%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +3    | Low              |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 933   | High             |
| Imports in India (vs global per capita)    | 14%   | Very high        |
| Imports in India (3-year increase, USD mn) | +158  | High             |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 2,141 | High             |
| Imports in China (vs global per capita)    | 32%   | Average          |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 36.6  | Average          |
| Imports globally (3-year increase, USD bn) | +3.9  | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 1     | Low              |
| New exporters in SL (>10k USD)                          | 5     | Low              |
| New exporters in SL (>100k USD)                         | 2     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 23%   | Low              |
| Japan's share of Indian market                          | 3%    | Low              |
| Korea's share of Indian market                          | 18%   | Very high        |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 131%  | Low              |
| Exports from India (vs global per capita)               | 8%    | Average          |
| Exports from China (vs global per capita)               | 68%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 2.4   | Low              |
| Exports from SL (vs global per capita)        | 2.3%  | Low              |
| SL's share of Indian market                   | 0.00% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | <100  | Very low         |
| Worker training in SL                         | 10%   | Low              |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 2     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 2     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.95 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.2x avg |
| Engineers required (in USA)                      | 1.6x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 0.9x avg |
| Skilled workers required (in SL)                 | 0.8x avg |
| Skilled workers required (in USA)                | 1.0x avg |
| Research & development use (in OECD)             | 1.1x avg |
| Research & development use (in UK)               | 0.9x avg |

## Notes:

Sector defined as HS 8419. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Structural metal products

Subsector

## Key statistics (2015-2016)

|                                 |       |  |       |
|---------------------------------|-------|--|-------|
| Exports from Sri Lanka (USD mn) | 2.7   | Major exporters (over USD 1mn for 3 years) | 0     |
| Imports from Sri Lanka (USD mn) | 147.1 | BOI companies in operation                 | 13    |
| World market (USD bn)           | 43.7  | Employment in Sri Lanka                    | 2,657 |

## SECTOR PRIORITIZATION **13th** / 29 subsectors (score = 0.13) **NORMAL PRIORITY\***

|  |                |  |      |
|--|----------------|--|------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Average</b> |  | 0.1  |
| 1.1 Job creation potential                         | High           |  | 0.7  |
| 1.2 Job quality potential                          | Low            |  | -0.5 |
| 1.3 Potential beyond Western Province              | Average        |  | -0.2 |
| 1.4 New linkages potential                         | Average        |  | 0.0  |
| <b>2 Market opportunity</b>                        | <b>Average</b> |  | 0.2  |
| 2.1 Domestic market opportunity                    | Very high      |  | 1.1  |
| 2.2 Regional market opportunity                    | Average        |  | 0.0  |
| 2.3 World market opportunity                       | High           |  | 0.3  |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Average</b> |  | 0.1  |
| 3.1 Investor interest in SL                        | High           |  | 0.4  |
| 3.2 Investors' regional market access              | Low            |  | -0.3 |
| 3.3 Strength in related countries                  | High           |  | 0.3  |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

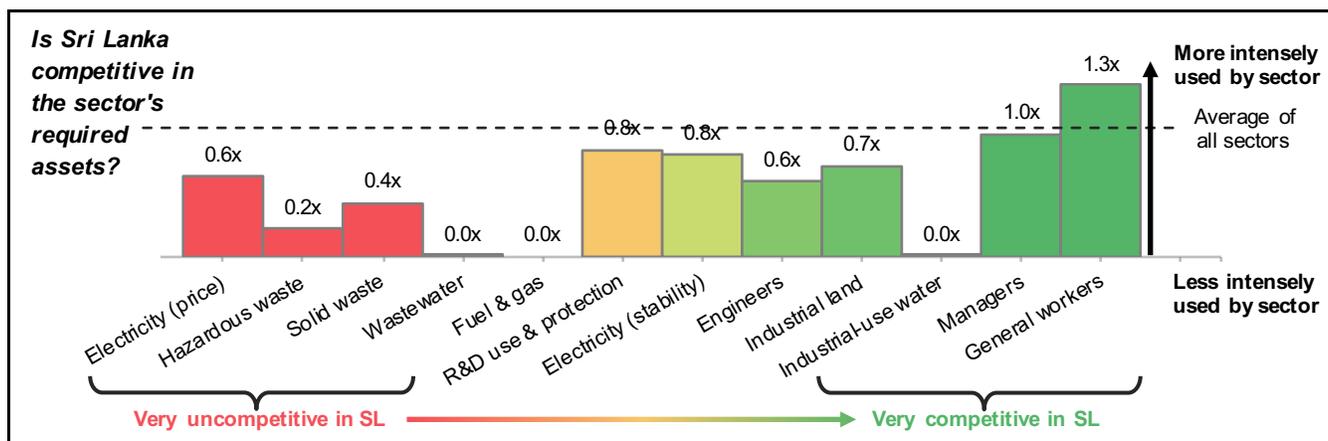
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***

|  |                |  |      |
|--|----------------|--|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Average</b> |  | 0.0  |
| 4.1 Current strength of SL exports             | Low            |  | -0.3 |
| 4.2 Current strength of SL workforce           | High           |  | 0.7  |
| 4.3 Current strength of SL companies           | Low            |  | -0.3 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Average</b> |  | 0.1  |
| 5.1 Strength in related products               | Average        |  | 0.1  |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>High</b>    |  | 0.3  |
| 6.1 Competitiveness of required hard assets    | Low            |  | -0.5 |
| 6.2 Competitiveness of required soft assets    | Very high      |  | 0.9  |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Structural metal products

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.25   | Very high        |
| Jobs per value added (peers; z-score)        | 0.24   | Average          |
| Wages per value added (USA)                  | 76%    | High             |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 81     | High             |
| Average wage rate (peers; z-score)           | -0.28  | Low              |
| Average wage rate (USA; USD per year)        | 41,000 | Low              |
| Employment for youth (in SL)                 | 30%    | Low              |
| Employment for women (in SL)                 | 9%     | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 21%    | Average          |
| Employment beyond Western Prov.              | 19%    | Low              |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -0.05  | Average          |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 147   | Very high        |
| Imports in SL (vs global per capita)       | 118%  | Average          |
| Imports in SL (3-year increase, USD mn)    | +79   | Very high        |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 319   | Average          |
| Imports in India (vs global per capita)    | 4%    | Low              |
| Imports in India (3-year increase, USD mn) | -178  | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 797   | Average          |
| Imports in China (vs global per capita)    | 10%   | Low              |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 43.7  | High             |
| Imports globally (3-year increase, USD bn) | +5.4  | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 7     | Average          |
| New exporters in SL (>10k USD)                          | 40    | High             |
| New exporters in SL (>100k USD)                         | 11    | Average          |
| Rate of new vs. consistent exporters                    | 1.8   | Very high        |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 34%   | High             |
| Japan's share of Indian market                          | 1%    | Very low         |
| Korea's share of Indian market                          | 7%    | Average          |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 181%  | Average          |
| Exports from India (vs global per capita)               | 12%   | Average          |
| Exports from China (vs global per capita)               | 151%  | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 2.7   | Low              |
| Exports from SL (vs global per capita)        | 2.0%  | Low              |
| SL's share of Indian market                   | 0.09% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 2,657 | High             |
| Worker training in SL                         | 30%   | Very high        |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 6     | Average          |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 13    | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 0.12  | Average          |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.2x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.0x avg |
| Engineers required (in USA)                      | 0.6x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | 1.1x avg |
| Skilled workers required (in SL)                 | 0.2x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 0.1x avg |
| Research & development use (in UK)               | 1.5x avg |

## Notes:

Sector defined as HS 7308. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Insulated wires

Subsector

## Key statistics (2015-2016)

|                                 |       |  |     |
|---------------------------------|-------|--|-----|
| Exports from Sri Lanka (USD mn) | 46.9  | Major exporters (over USD 1mn for 3 years) | 6   |
| Imports from Sri Lanka (USD mn) | 49.1  | BOI companies in operation                 | 12  |
| World market (USD bn)           | 111.5 | Employment in Sri Lanka                    | 643 |

## SECTOR PRIORITIZATION 14th / 29 subsectors (score = 0.10) NORMAL PRIORITY\*

|  |                |      |
|--|----------------|------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Low</b>     | -0.4 |
| 1.1 Job creation potential                         | Low            | -0.4 |
| 1.2 Job quality potential                          | High           | 0.3  |
| 1.3 Potential beyond Western Province              | Average        | -0.1 |
| 1.4 New linkages potential                         | Very low       | -0.9 |
| <b>2 Market opportunity</b>                        | <b>High</b>    | 0.6  |
| 2.1 Domestic market opportunity                    | Average        | 0.1  |
| 2.2 Regional market opportunity                    | High           | 0.4  |
| 2.3 World market opportunity                       | Very high      | 1.0  |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Average</b> | 0.0  |
| 3.1 Investor interest in SL                        | Average        | 0.0  |
| 3.2 Investors' regional market access              | Average        | 0.1  |
| 3.3 Strength in related countries                  | Average        | -0.2 |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

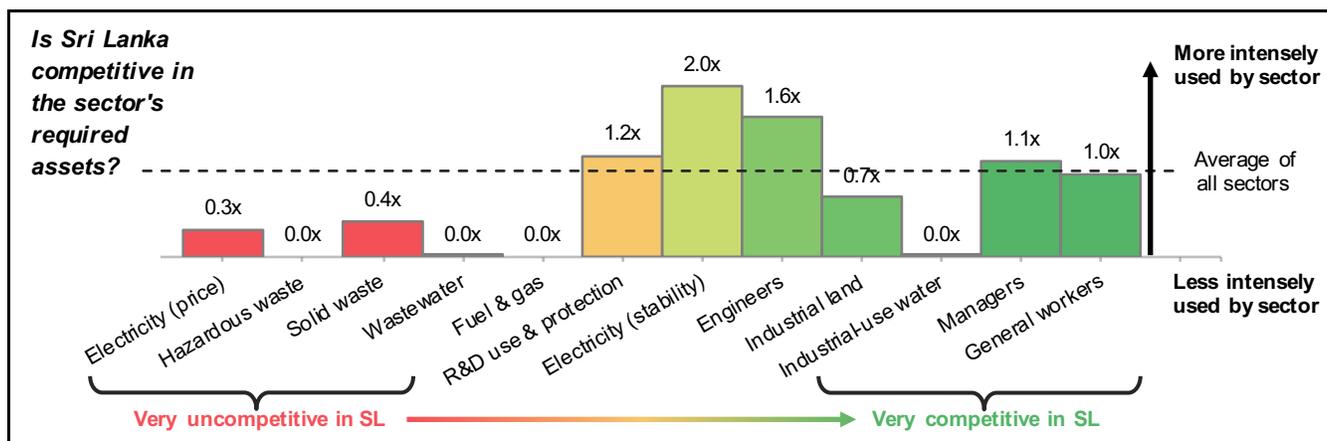
z-score

## SECTOR STRATEGY EXISTING OR EMERGING\*\*

|  |                  |      |
|--|------------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Average</b>   | 0.2  |
| 4.1 Current strength of SL exports             | Average          | 0.2  |
| 4.2 Current strength of SL workforce           | Average          | 0.2  |
| 4.3 Current strength of SL companies           | Average          | 0.1  |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Very high</b> | 1.1  |
| 5.1 Strength in related products               | Very high        | 1.1  |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>High</b>      | 0.3  |
| 6.1 Competitiveness of required hard assets    | Average          | -0.2 |
| 6.2 Competitiveness of required soft assets    | High             | 0.7  |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Insulated wires

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | -0.42  | Very low         |
| Wages per value added (USA)                  | 72%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 99     | Very high        |
| Average wage rate (peers; z-score)           | 0.10   | Average          |
| Average wage rate (USA; USD per year)        | 50,000 | Average          |
| Employment for youth (in SL)                 | 38%    | High             |
| Employment for women (in SL)                 | 12%    | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 55%    | High             |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -0.94  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 49    | High             |
| Imports in SL (vs global per capita)       | 16%   | Low              |
| Imports in SL (3-year increase, USD mn)    | -33   | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 910   | High             |
| Imports in India (vs global per capita)    | 5%    | Low              |
| Imports in India (3-year increase, USD mn) | +153  | High             |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 3,530 | High             |
| Imports in China (vs global per capita)    | 18%   | Low              |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 111.5 | Very high        |
| Imports globally (3-year increase, USD bn) | +13.0 | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 3     | Low              |
| New exporters in SL (>10k USD)                          | 28    | High             |
| New exporters in SL (>100k USD)                         | 14    | High             |
| Rate of new vs. consistent exporters                    | 1.3   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 37%   | High             |
| Japan's share of Indian market                          | 2%    | Low              |
| Korea's share of Indian market                          | 16%   | Very high        |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 159%  | Average          |
| Exports from India (vs global per capita)               | 4%    | Low              |
| Exports from China (vs global per capita)               | 111%  | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 46.9  | High             |
| Exports from SL (vs global per capita)        | 15.4% | Low              |
| SL's share of Indian market                   | 2.35% | Average          |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 643   | Average          |
| Worker training in SL                         | 32%   | Very high        |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 11    | High             |
| Consistent exporters in SL (>1mn USD)         | 6     | High             |
| Consistent exporters in SL (>10mn USD)        | 1     | Average          |
| BOI companies in operation                    | 12    | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 1.06  | Very high        |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.3x avg |
| Electricity stability required (BOI estimate)    | 2.0x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.1x avg |
| Engineers required (in USA)                      | 1.6x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 0.9x avg |
| Skilled workers required (in SL)                 | 2.0x avg |
| Skilled workers required (in USA)                | 1.1x avg |
| Research & development use (in OECD)             | 1.4x avg |
| Research & development use (in UK)               | 1.0x avg |

## Notes:

Sector defined as HS 8544. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Pumps for liquids

Subsector

## Key statistics (2015-2016)

|                                 |      |  |     |
|---------------------------------|------|--|-----|
| Exports from Sri Lanka (USD mn) | 0.5  | Major exporters (over USD 1mn for 3 years) | 0   |
| Imports from Sri Lanka (USD mn) | 35.1 | BOI companies in operation                 | 1   |
| World market (USD bn)           | 60.2 | Employment in Sri Lanka                    | 603 |

## SECTOR PRIORITIZATION **15th** / 29 subsectors (score = 0.05) **NORMAL PRIORITY\***

### 1 Impact for Sri Lankan economy

**Average**

0.2

- 1.1 Job creation potential
- 1.2 Job quality potential
- 1.3 Potential beyond Western Province
- 1.4 New linkages potential

Average

-0.1

Average

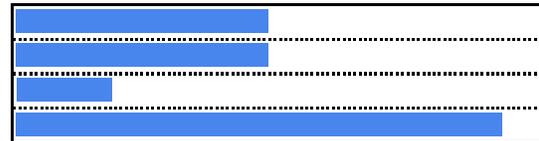
-0.1

Low

-0.8

**Very high**

1.1



### 2 Market opportunity

**Average**

0.2

- 2.1 Domestic market opportunity
- 2.2 Regional market opportunity
- 2.3 World market opportunity

Average

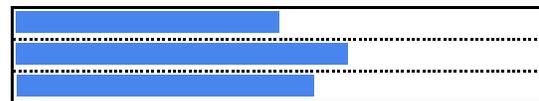
0.0

**High**

0.3

Average

0.2



### 3 Investor interest (direct & indirect)

**Low**

-0.3

- 3.1 Investor interest in SL
- 3.2 Investors' regional market access
- 3.3 Strength in related countries

Low

-0.5

Average

0.0

Low

-0.5



\*High impact, market opportunity, or investor interest » Normal priority for promotion

z-score

## SECTOR STRATEGY

## KNOWHOW NEEDED\*\*

### 4 Current strength in Sri Lanka

**Low**

-0.5

- 4.1 Current strength of SL exports
- 4.2 Current strength of SL workforce
- 4.3 Current strength of SL companies

Low

-0.6

Low

-0.3

Low

-0.5



### 5 Current know-how in Sri Lanka

**Very low**

-0.9

- 5.1 Strength in related products

Very low

-0.9



### 6 Hard & soft asset competitiveness

**High**

0.3

- 6.1 Competitiveness of required hard assets
- 6.2 Competitiveness of required soft assets

Low

-0.4

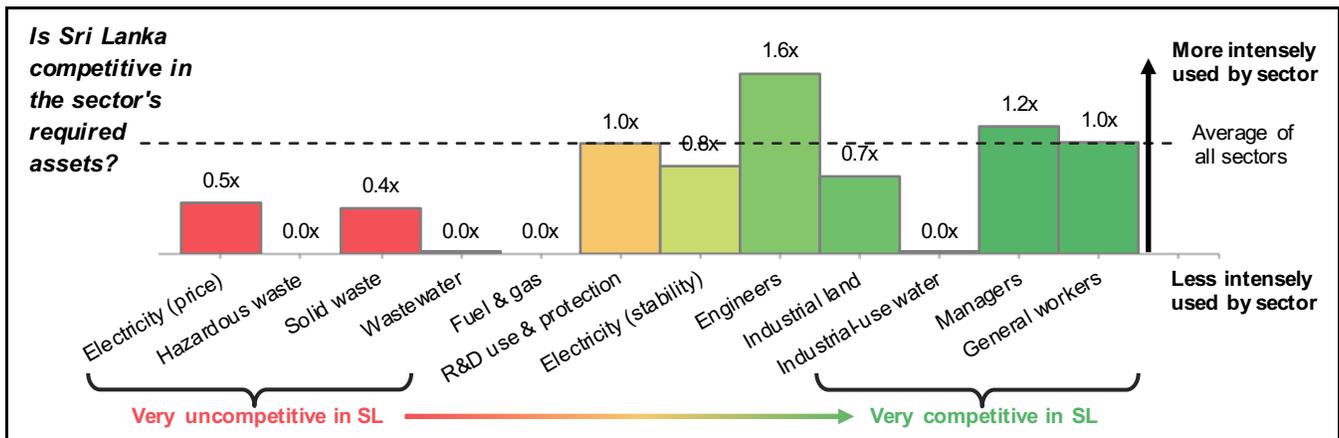
**High**

0.7



\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Pumps for liquids

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | -0.03  | Low              |
| Wages per value added (USA)                  | 74%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 76     | Average          |
| Average wage rate (peers; z-score)           | 0.34   | High             |
| Average wage rate (USA; USD per year)        | 51,000 | High             |
| Employment for youth (in SL)                 | 29%    | Low              |
| Employment for women (in SL)                 | 22%    | Low              |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 5%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 1.05   | Very high        |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 35    | High             |
| Imports in SL (vs global per capita)       | 20%   | Low              |
| Imports in SL (3-year increase, USD mn)    | -1    | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 777   | High             |
| Imports in India (vs global per capita)    | 7%    | Average          |
| Imports in India (3-year increase, USD mn) | -179  | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 3,713 | High             |
| Imports in China (vs global per capita)    | 33%   | Average          |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 60.2  | High             |
| Imports globally (3-year increase, USD bn) | +2.5  | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 0     | Low              |
| New exporters in SL (>10k USD)                          | 14    | Low              |
| New exporters in SL (>100k USD)                         | 1     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 17%   | Low              |
| Japan's share of Indian market                          | 8%    | High             |
| Korea's share of Indian market                          | 4%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 56%   | Low              |
| Exports from India (vs global per capita)               | 7%    | Average          |
| Exports from China (vs global per capita)               | 66%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 0.5   | Very low         |
| Exports from SL (vs global per capita)        | 0.3%  | Low              |
| SL's share of Indian market                   | 0.02% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 603   | Average          |
| Worker training in SL                         | 10%   | Low              |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 1     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 1     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.92 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.2x avg |
| Engineers required (in USA)                      | 1.6x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.0x avg |
| Skilled workers required (in SL)                 | 0.1x avg |
| Skilled workers required (in USA)                | 1.0x avg |
| Research & development use (in OECD)             | 1.1x avg |
| Research & development use (in UK)               | 0.9x avg |

## Notes:

Sector defined as HS 8413. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Motor vehicle lighting or signaling equipment

Subsector

## Key statistics (2015-2016)

|                                 |      |  |     |
|---------------------------------|------|--|-----|
| Exports from Sri Lanka (USD mn) | 0.0  | Major exporters (over USD 1mn for 3 years) | 0   |
| Imports from Sri Lanka (USD mn) | 13.1 | BOI companies in operation                 | 0   |
| World market (USD bn)           | 8.2  | Employment in Sri Lanka                    | 843 |

## SECTOR PRIORITIZATION **16th** / 29 subsectors (score = 0.00) **NORMAL PRIORITY\***

| Category   | Level          | z-score |
|--|----------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Average</b> | 0.2     |
| 1.1 Job creation potential                         | Average        | 0.1     |
| 1.2 Job quality potential                          | Average        | 0.1     |
| 1.3 Potential beyond Western Province              | Low            | -0.8    |
| 1.4 New linkages potential                         | <b>High</b>    | 0.8     |
| <b>2 Market opportunity</b>                        | <b>High</b>    | 0.3     |
| 2.1 Domestic market opportunity                    | Average        | -0.2    |
| 2.2 Regional market opportunity                    | <b>High</b>    | 0.4     |
| 2.3 World market opportunity                       | Average        | 0.2     |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Low</b>     | -0.5    |
| 3.1 Investor interest in SL                        | Very low       | -1.1    |
| 3.2 Investors' regional market access              | Average        | -0.1    |
| 3.3 Strength in related countries                  | Low            | -0.4    |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

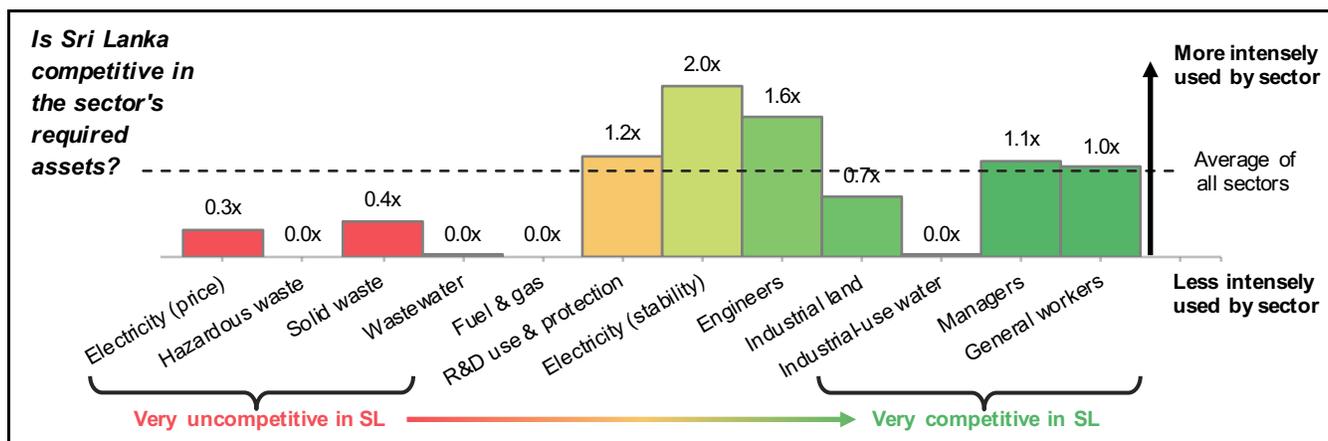
z-score

## SECTOR STRATEGY **KNOWHOW NEEDED\*\***

|  |             |      |
|--|-------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Low</b>  | -0.4 |
| 4.1 Current strength of SL exports             | Very low    | -1.0 |
| 4.2 Current strength of SL workforce           | <b>High</b> | 0.3  |
| 4.3 Current strength of SL companies           | Low         | -0.5 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Low</b>  | -0.4 |
| 5.1 Strength in related products               | Low         | -0.4 |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>High</b> | 0.3  |
| 6.1 Competitiveness of required hard assets    | Average     | -0.2 |
| 6.2 Competitiveness of required soft assets    | <b>High</b> | 0.7  |

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Motor vehicle lighting or signaling equipment

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | 0.16   | Average          |
| Wages per value added (USA)                  | 74%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 99     | Very high        |
| Average wage rate (peers; z-score)           | 0.02   | Average          |
| Average wage rate (USA; USD per year)        | 40,776 | Low              |
| Employment for youth (in SL)                 | 38%    | High             |
| Employment for women (in SL)                 | 12%    | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 5%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.82   | High             |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 13    | Low              |
| Imports in SL (vs global per capita)       | 17%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +5    | Average          |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 188   | Average          |
| Imports in India (vs global per capita)    | 14%   | Very high        |
| Imports in India (3-year increase, USD mn) | +69   | High             |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 1,538 | Average          |
| Imports in China (vs global per capita)    | 114%  | Very high        |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 26.6  | Average          |
| Imports globally (3-year increase, USD bn) | +8.2  | High             |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 2     | Low              |
| New exporters in SL (>10k USD)                          | 1     | Very low         |
| New exporters in SL (>100k USD)                         | 0     | Low              |
| Rate of new vs. consistent exporters                    | 0.0   | Very low         |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 25%   | Average          |
| Japan's share of Indian market                          | 5%    | Average          |
| Korea's share of Indian market                          | 8%    | Average          |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 150%  | Average          |
| Exports from India (vs global per capita)               | 2%    | Low              |
| Exports from China (vs global per capita)               | 83%   | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 0.0   | Very low         |
| Exports from SL (vs global per capita)        | 0.0%  | Low              |
| SL's share of Indian market                   | 0.00% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 843   | Average          |
| Worker training in SL                         | 32%   | Very high        |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 0     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 0     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.43 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.3x avg |
| Electricity stability required (BOI estimate)    | 2.0x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.1x avg |
| Engineers required (in USA)                      | 1.6x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.1x avg |
| Skilled workers required (in SL)                 | 2.0x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 1.4x avg |
| Research & development use (in UK)               | 1.0x avg |

## Notes:

Sector defined as HS 8512. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Women's undergarments

Subsector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 555.1 | Major exporters (over USD 1mn for 3 years) | 25     |
| Imports from Sri Lanka (USD mn) | 4.7   | BOI companies in operation                 | 218    |
| World market (USD bn)           | 11.8  | Employment in Sri Lanka                    | 17,000 |

## SECTOR PRIORITIZATION **17th** / 29 subsectors (score = -0.01) **NORMAL PRIORITY\***

|  |                  |  |       |
|--|------------------|--|-------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>High</b>      |  | 0.3   |
| 1.1 Job creation potential                         | Very high        |  | >1.2  |
| 1.2 Job quality potential                          | Average          |  | 0.2   |
| 1.3 Potential beyond Western Province              | Very high        |  | 1.0   |
| 1.4 New linkages potential                         | Very low         |  | -1.2  |
| <b>2 Market opportunity</b>                        | <b>Very low</b>  |  | -1.2  |
| 2.1 Domestic market opportunity                    | Low              |  | -0.8  |
| 2.2 Regional market opportunity                    | Very low         |  | <-1.2 |
| 2.3 World market opportunity                       | Low              |  | -0.6  |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Very high</b> |  | 1.1   |
| 3.1 Investor interest in SL                        | Very high        |  | >1.2  |
| 3.2 Investors' regional market access              | Low              |  | -0.3  |
| 3.3 Strength in related countries                  | Very high        |  | 1.2   |

\*High impact, market opportunity, or investor interest » Normal priority for promotion

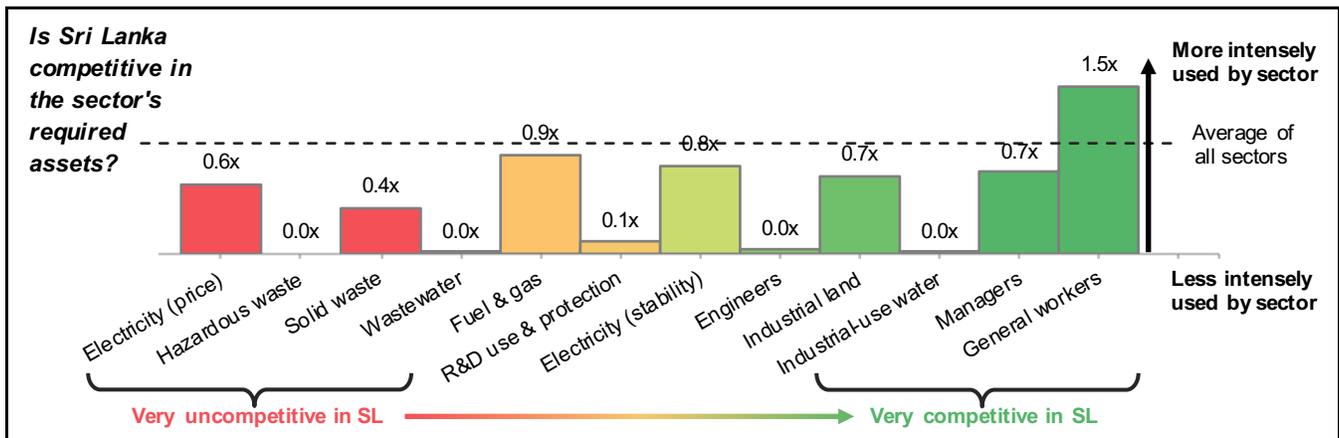
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***

|  |                  |  |      |
|--|------------------|--|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Very high</b> |  | >1.2 |
| 4.1 Current strength of SL exports             | Very high        |  | >1.2 |
| 4.2 Current strength of SL workforce           | Very high        |  | 1.0  |
| 4.3 Current strength of SL companies           | Very high        |  | >1.2 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Very high</b> |  | >1.2 |
| 5.1 Strength in related products               | Very high        |  | >1.2 |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>High</b>      |  | 0.3  |
| 6.1 Competitiveness of required hard assets    | Low              |  | -0.5 |
| 6.2 Competitiveness of required soft assets    | Very high        |  | 1.1  |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Women's undergarments

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.30   | Very high        |
| Jobs per value added (peers; z-score)        | 1.33   | Very high        |
| Wages per value added (USA)                  | 83%    | Very high        |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 68     | Low              |
| Average wage rate (peers; z-score)           | -1.04  | Very low         |
| Average wage rate (USA; USD per year)        | 31,000 | Very low         |
| Employment for youth (in SL)                 | 45%    | Very high        |
| Employment for women (in SL)                 | 70%    | Very high        |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 45%    | Very high        |
| Employment beyond Western Prov.              | 70%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.15  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 5     | Very low         |
| Imports in SL (vs global per capita)       | 14%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +1    | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 10    | Very low         |
| Imports in India (vs global per capita)    | 1%    | Very low         |
| Imports in India (3-year increase, USD mn) | +9    | Very low         |
| Coverage under ISFTA                       | 0%    | Very low         |
| Imports in China (current, USD mn)         | 40    | Very low         |
| Imports in China (vs global per capita)    | 2%    | Very low         |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 11.8  | Low              |
| Imports globally (3-year increase, USD bn) | +2.3  | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 75    | Very high        |
| New exporters in SL (>10k USD)                          | 85    | Very high        |
| New exporters in SL (>100k USD)                         | 60    | Very high        |
| Rate of new vs. consistent exporters                    | 1.2   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 55%   | Very high        |
| Japan's share of Indian market                          | 0%    | Very low         |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 206%  | Average          |
| Exports from India (vs global per capita)               | 27%   | Very high        |
| Exports from China (vs global per capita)               | 255%  | Very high        |

|   | value   | z-score quintile |
|---|---------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |         |                  |
| <b>4.1 Current strength of SL exports</b>     |         |                  |
| Exports from SL (current, USD mn)             | 555.1   | Very high        |
| Exports from SL (vs global per capita)        | 1643.4% | Very high        |
| SL's share of Indian market                   | 14.85%  | Very high        |
| <b>4.2 Current strength of SL workforce</b>   |         |                  |
| Current employment in SL                      | 17,000  | Very high        |
| Worker training in SL                         | 15%     | Low              |
| <b>4.3 Current strength of SL companies</b>   |         |                  |
| Consistent exporters in SL (>100k USD)        | 51      | Very high        |
| Consistent exporters in SL (>1mn USD)         | 25      | Very high        |
| Consistent exporters in SL (>10mn USD)        | 5       | Very high        |
| BOI companies in operation                    | 218     | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 2.31  | Very high        |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.7x avg |
| Engineers required (in USA)                      | 0.0x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | 1.4x avg |
| Skilled workers required (in SL)                 | 1.1x avg |
| Skilled workers required (in USA)                | 0.8x avg |
| Research & development use (in OECD)             | 0.2x avg |
| Research & development use (in UK)               | 0.0x avg |

## Notes:

Sector defined as HS 6108. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

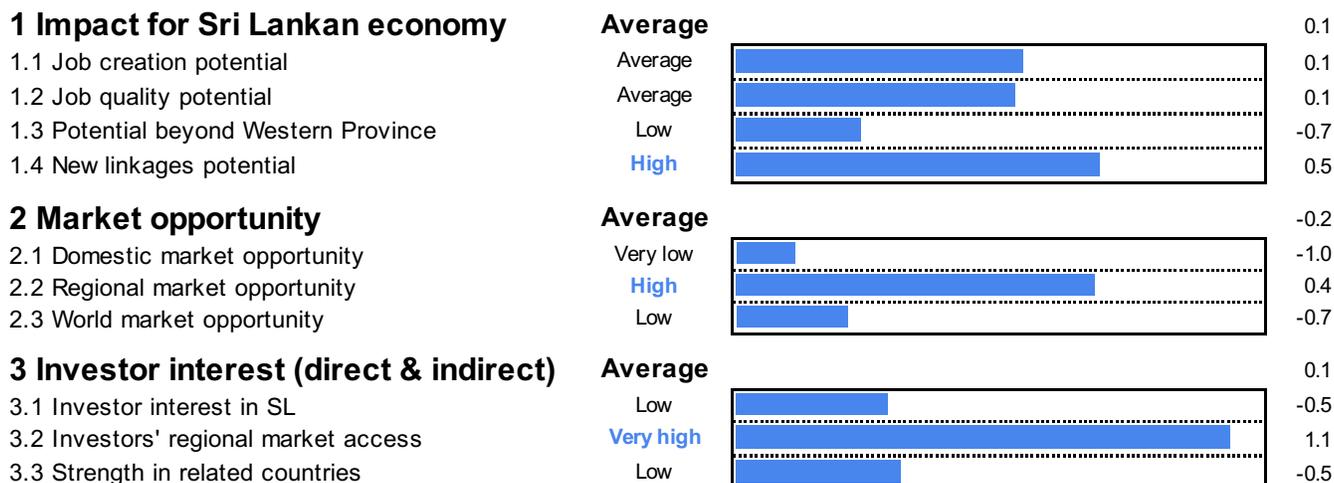
# Electrical ignition or starting equipment

Subsector

## Key statistics (2015-2016)

|                                 |     |  |       |
|---------------------------------|-----|--|-------|
| Exports from Sri Lanka (USD mn) | 0.7 | Major exporters (over USD 1mn for 3 years) | 0     |
| Imports from Sri Lanka (USD mn) | 6.1 | BOI companies in operation                 | 7     |
| World market (USD bn)           | 0.8 | Employment in Sri Lanka                    | 1,436 |

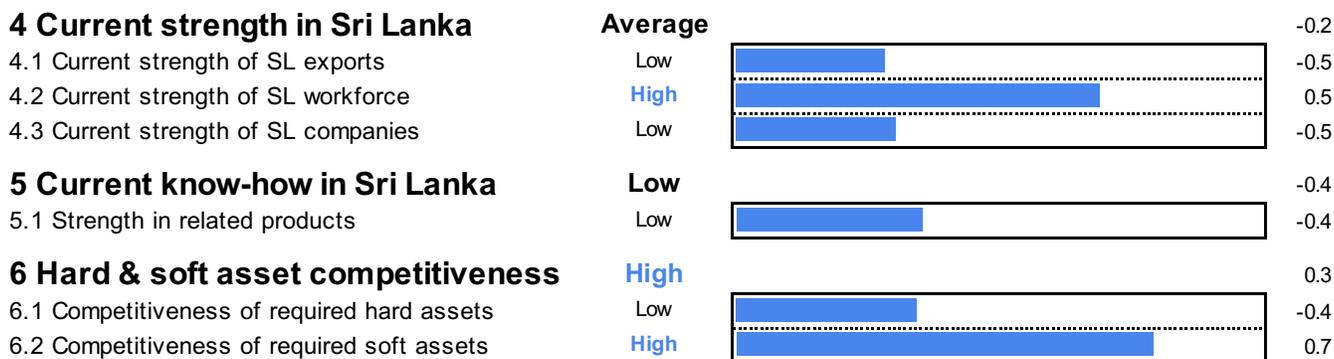
## SECTOR PRIORITIZATION **18th** / 29 subsectors (score = -0.01) **NORMAL PRIORITY\***



\*High impact, market opportunity, or investor interest » Normal priority for promotion

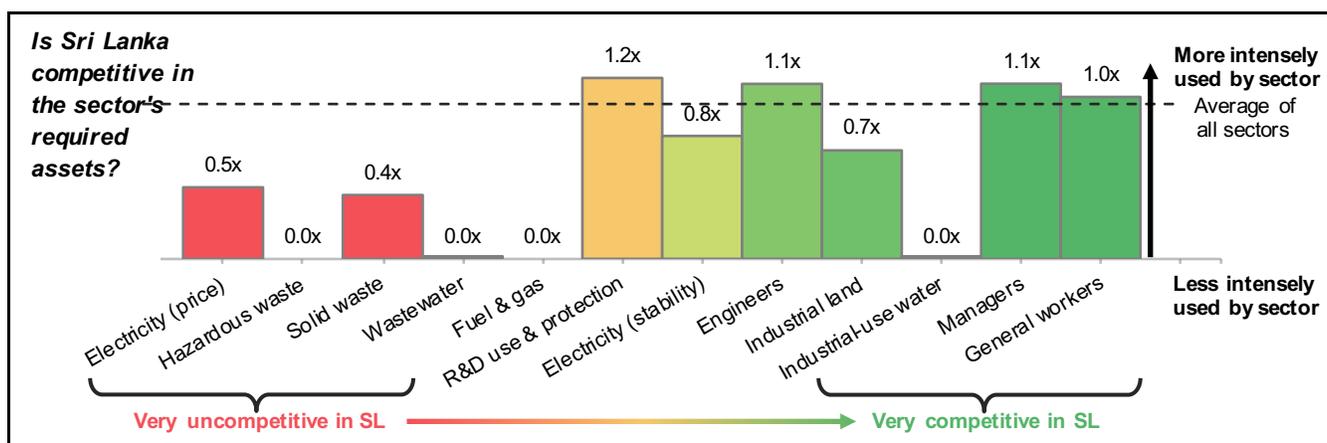
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***



\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Electrical ignition or starting equipment

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | 0.25   | Average          |
| Wages per value added (USA)                  | 74%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 99     | Very high        |
| Average wage rate (peers; z-score)           | -0.03  | Average          |
| Average wage rate (USA; USD per year)        | 40,776 | Low              |
| Employment for youth (in SL)                 | 38%    | High             |
| Employment for women (in SL)                 | 12%    | Very low         |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 11%    | Low              |
| Employment beyond Western Prov.              | 1%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.49   | High             |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 6     | Very low         |
| Imports in SL (vs global per capita)       | 12%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +0    | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 247   | Average          |
| Imports in India (vs global per capita)    | 18%   | Very high        |
| Imports in India (3-year increase, USD mn) | +45   | Average          |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 886   | Average          |
| Imports in China (vs global per capita)    | 65%   | Very high        |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 18.2  | Low              |
| Imports globally (3-year increase, USD bn) | +0.8  | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 9     | Average          |
| New exporters in SL (>10k USD)                          | 2     | Low              |
| New exporters in SL (>100k USD)                         | 1     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 19%   | Low              |
| Japan's share of Indian market                          | 17%   | Very high        |
| Korea's share of Indian market                          | 16%   | Very high        |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 92%   | Low              |
| Exports from India (vs global per capita)               | 7%    | Low              |
| Exports from China (vs global per capita)               | 60%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 0.7   | Low              |
| Exports from SL (vs global per capita)        | 1.4%  | Low              |
| SL's share of Indian market                   | 0.00% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 1,436 | High             |
| Worker training in SL                         | 32%   | Very high        |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 1     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 7     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.36 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.1x avg |
| Engineers required (in USA)                      | 1.1x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.1x avg |
| Skilled workers required (in SL)                 | 2.0x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 1.4x avg |
| Research & development use (in UK)               | 1.0x avg |

## Notes:

Sector defined as HS 8511. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

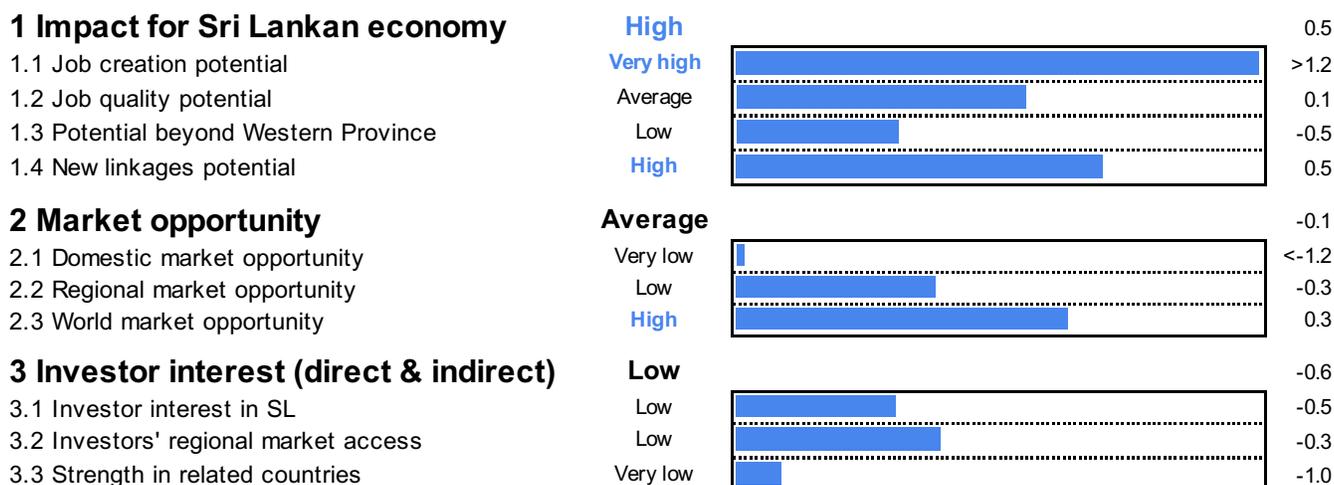
# Yachts, motorboats, sailboats

Subsector

## Key statistics (2015-2016)

|                                 |      |  |       |
|---------------------------------|------|--|-------|
| Exports from Sri Lanka (USD mn) | 2.9  | Major exporters (over USD 1mn for 3 years) | 1     |
| Imports from Sri Lanka (USD mn) | 0.9  | BOI companies in operation                 | 0     |
| World market (USD bn)           | 21.8 | Employment in Sri Lanka                    | 1,002 |

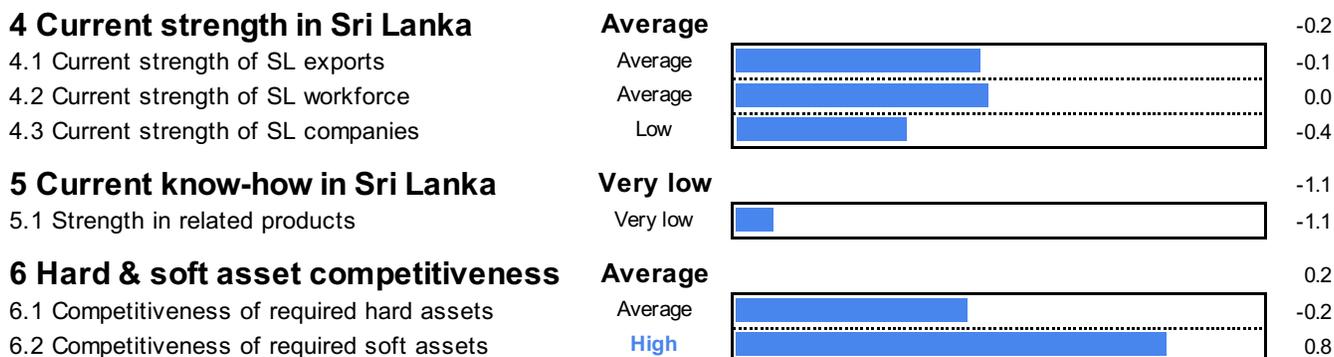
## SECTOR PRIORITIZATION **19th** / 29 subsectors (score = -0.06) **NORMAL PRIORITY\***



\*High impact, market opportunity, or investor interest » Normal priority for promotion

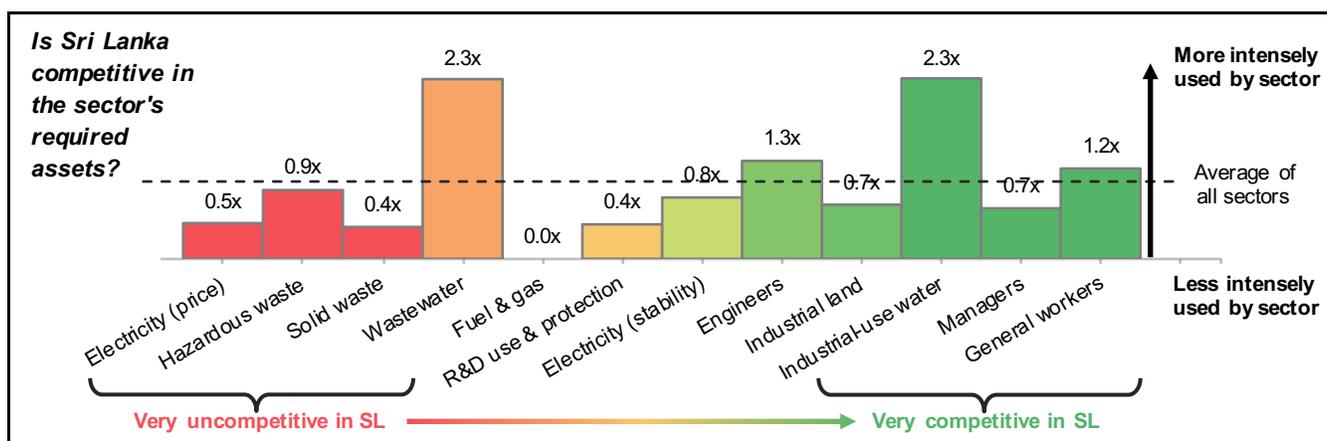
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***



\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Yachts, motorboats, sailboats

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | 1.05   | Very high        |
| Wages per value added (USA)                  | 92%    | Very high        |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 63     | Very low         |
| Average wage rate (peers; z-score)           | -0.05  | Average          |
| Average wage rate (USA; USD per year)        | 57,000 | Very high        |
| Employment for youth (in SL)                 | 47%    | Very high        |
| Employment for women (in SL)                 | 19%    | Low              |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 27%    | Low              |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.49   | High             |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 1     | Very low         |
| Imports in SL (vs global per capita)       | 2%    | Low              |
| Imports in SL (3-year increase, USD mn)    | +0    | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 100   | Low              |
| Imports in India (vs global per capita)    | 0%    | Very low         |
| Imports in India (3-year increase, USD mn) | -6    | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 100   | Very low         |
| Imports in China (vs global per capita)    | 2%    | Very low         |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 21.8  | Average          |
| Imports globally (3-year increase, USD bn) | +14.2 | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 4     | Low              |
| New exporters in SL (>10k USD)                          | 8     | Low              |
| New exporters in SL (>100k USD)                         | 3     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 8%    | Very low         |
| Japan's share of Indian market                          | 8%    | High             |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 16%   | Very low         |
| Exports from India (vs global per capita)               | 0%    | Low              |
| Exports from China (vs global per capita)               | 8%    | Very low         |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 2.9    | Low              |
| Exports from SL (vs global per capita)        | 4.7%   | Low              |
| SL's share of Indian market                   | 10.17% | High             |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 1,002  | Average          |
| Worker training in SL                         | 12%    | Low              |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 3      | Low              |
| Consistent exporters in SL (>1mn USD)         | 1      | Low              |
| Consistent exporters in SL (>10mn USD)        | 0      | Low              |
| BOI companies in operation                    | 0      | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -1.07 | Very low         |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.9x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.7x avg |
| Engineers required (in USA)                      | 1.3x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.3x avg |
| Skilled workers required (in SL)                 | 0.3x avg |
| Skilled workers required (in USA)                | 1.3x avg |
| Research & development use (in OECD)             | 0.6x avg |
| Research & development use (in UK)               | 0.3x avg |

## Notes:

Sector defined as HS 8903. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

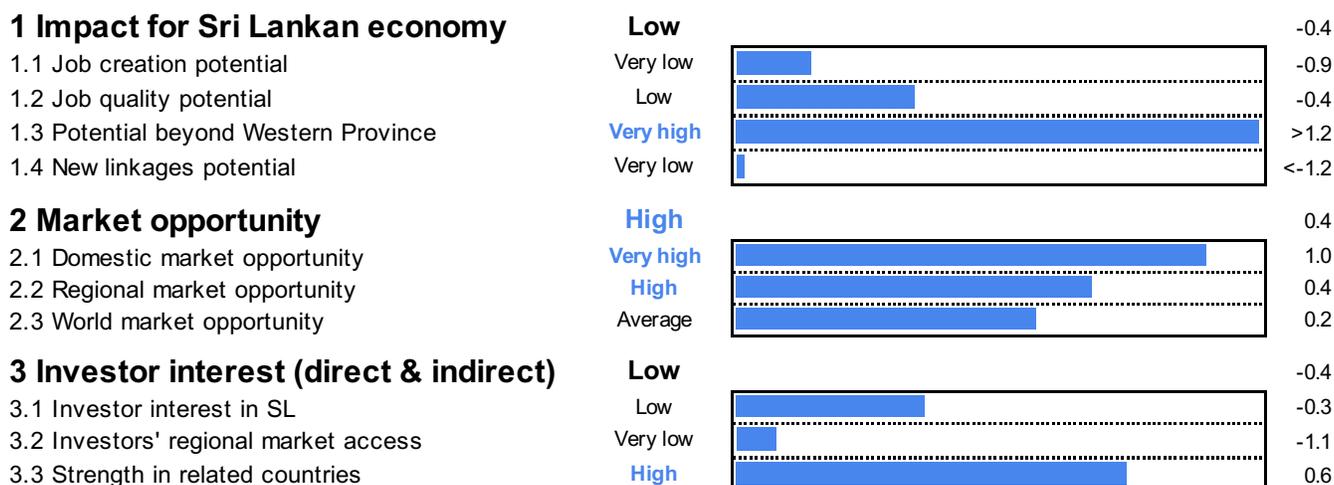
# Sugar

Subsector

## Key statistics (2015-2016)

|                                 |       |  |       |
|---------------------------------|-------|--|-------|
| Exports from Sri Lanka (USD mn) | 0.6   | Major exporters (over USD 1mn for 3 years) | 0     |
| Imports from Sri Lanka (USD mn) | 227.0 | BOI companies in operation                 | 8     |
| World market (USD bn)           | 42.0  | Employment in Sri Lanka                    | 4,472 |

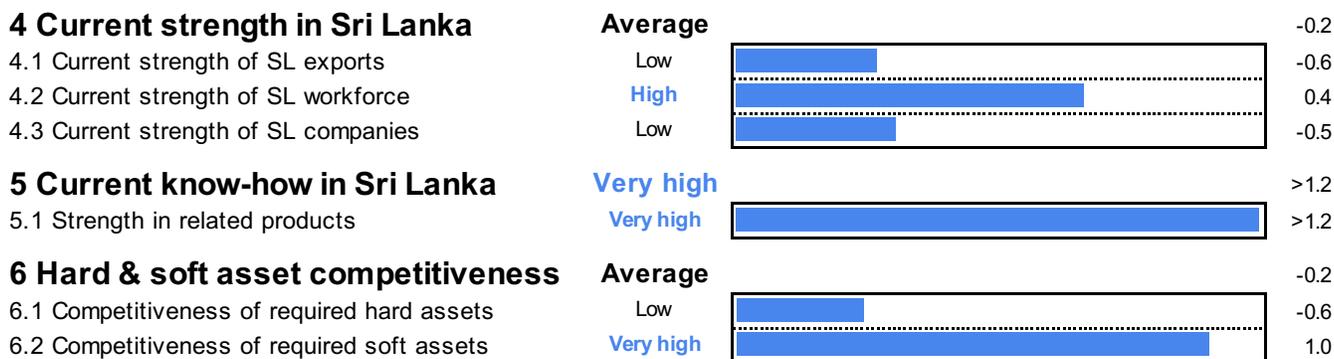
## SECTOR PRIORITIZATION 20th / 29 subsectors (score = -0.09) NORMAL PRIORITY\*



\*High impact, market opportunity, or investor interest » Normal priority for promotion

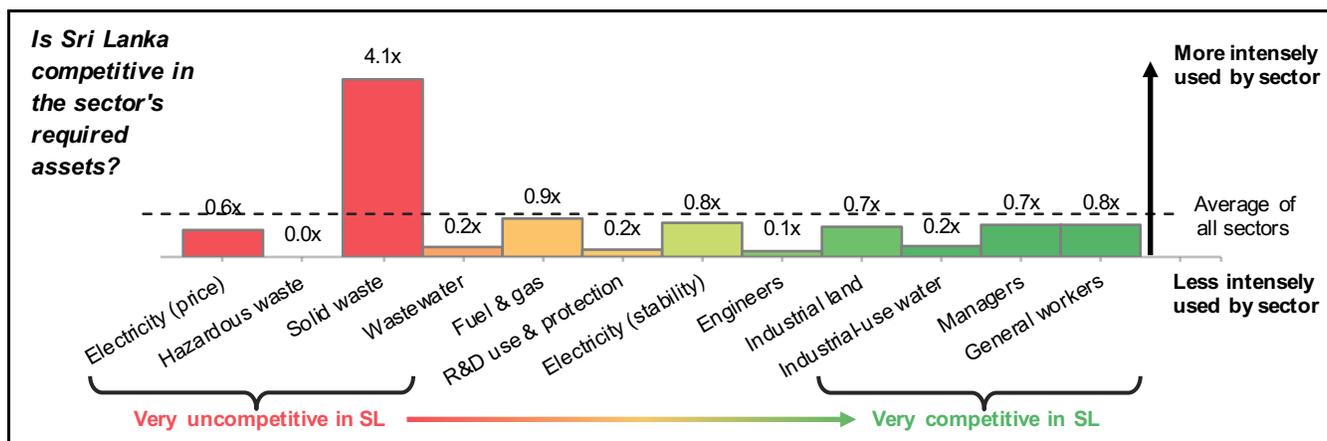
z-score

## SECTOR STRATEGY EXISTING OR EMERGING\*\*



\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Sugar

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.25   | Very low         |
| Jobs per value added (peers; z-score)        | 0.69   | Very high        |
| Wages per value added (USA)                  | 57%    | Very low         |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 65     | Very low         |
| Average wage rate (peers; z-score)           | 0.06   | Average          |
| Average wage rate (USA; USD per year)        | 35,000 | Very low         |
| Employment for youth (in SL)                 | 21%    | Very low         |
| Employment for women (in SL)                 | 46%    | Very high        |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 100%   | Very high        |
| Employment beyond Western Prov.              | 100%   | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.41  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 227   | Very high        |
| Imports in SL (vs global per capita)       | 364%  | Very high        |
| Imports in SL (3-year increase, USD mn)    | -101  | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 480   | High             |
| Imports in India (vs global per capita)    | 12%   | High             |
| Imports in India (3-year increase, USD mn) | +92   | High             |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 1,690 | High             |
| Imports in China (vs global per capita)    | 42%   | Average          |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 42.0  | High             |
| Imports globally (3-year increase, USD bn) | -7.5  | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 17    | High             |
| New exporters in SL (>10k USD)                          | 9     | Low              |
| New exporters in SL (>100k USD)                         | 1     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 0%    | Very low         |
| Japan's share of Indian market                          | 0%    | Very low         |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 468%  | Very high        |
| Exports from India (vs global per capita)               | 29%   | Very high        |
| Exports from China (vs global per capita)               | 1%    | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 0.6   | Very low         |
| Exports from SL (vs global per capita)        | 0.9%  | Low              |
| SL's share of Indian market                   | 0.02% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 4,472 | High             |
| Worker training in SL                         | 8%    | Very low         |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 1     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 8     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 1.42  | Very high        |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 0.2x avg |
| Wastewater production (BOI estimate)             | 0.2x avg |
| Solid waste production (BOI estimate)            | 4.1x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.7x avg |
| Engineers required (in USA)                      | 0.1x avg |
| General workers required (in SL)                 | 0.3x avg |
| General workers required (in peer countries)     | 1.2x avg |
| Skilled workers required (in SL)                 | 0.7x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 0.2x avg |
| Research & development use (in UK)               | 0.1x avg |

## Notes:

Sector defined as HS 1701. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Agricultural machinery

Subsector

## Key statistics (2015-2016)

|                                 |      |  |     |
|---------------------------------|------|--|-----|
| Exports from Sri Lanka (USD mn) | 0.2  | Major exporters (over USD 1mn for 3 years) | 0   |
| Imports from Sri Lanka (USD mn) | 33.3 | BOI companies in operation                 | 3   |
| World market (USD bn)           | 23.6 | Employment in Sri Lanka                    | 907 |

## SECTOR PRIORITIZATION **21st** / 29 subsectors (score = -0.12) LOWER PRIORITY\*

### 1 Impact for Sri Lankan economy

|                                       | Average | z-score |
|---------------------------------------|---------|---------|
| 1.1 Job creation potential            | Average | 0.2     |
| 1.2 Job quality potential             | Low     | -0.3    |
| 1.3 Potential beyond Western Province | Average | -0.1    |
| 1.4 New linkages potential            | High    | 0.3     |

### 2 Market opportunity

|                                 | Average | z-score |
|---------------------------------|---------|---------|
| 2.1 Domestic market opportunity | Average | 0.1     |
| 2.2 Regional market opportunity | Average | -0.2    |
| 2.3 World market opportunity    | Average | -0.1    |

### 3 Investor interest (direct & indirect)

|                                       | Low     | z-score |
|---------------------------------------|---------|---------|
| 3.1 Investor interest in SL           | Low     | -0.6    |
| 3.2 Investors' regional market access | Average | 0.0     |
| 3.3 Strength in related countries     | Low     | -0.5    |

\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

z-score

## SECTOR STRATEGY

## KNOWHOW NEEDED\*\*

### 4 Current strength in Sri Lanka

|                                      | Low     | z-score |
|--------------------------------------|---------|---------|
| 4.1 Current strength of SL exports   | Low     | -0.8    |
| 4.2 Current strength of SL workforce | Average | -0.1    |
| 4.3 Current strength of SL companies | Low     | -0.5    |

### 5 Current know-how in Sri Lanka

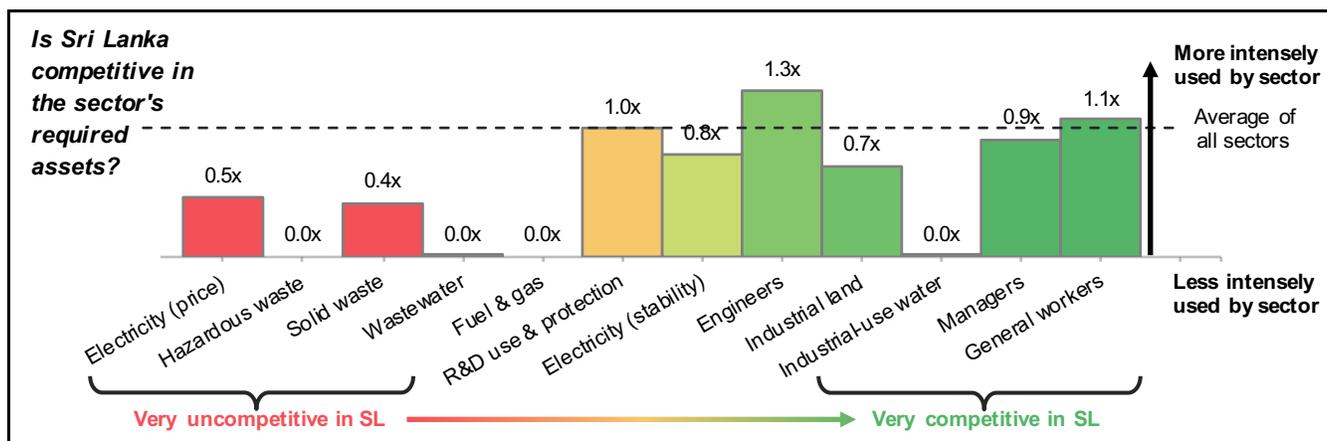
|                                  | Low | z-score |
|----------------------------------|-----|---------|
| 5.1 Strength in related products | Low | -0.6    |

### 6 Hard & soft asset competitiveness

|   | Low  | z-score |
|---|------|---------|
| 6.1 Competitiveness of required hard assets | Low  | -0.4    |
| 6.2 Competitiveness of required soft assets | High | 0.7     |

\*\*Not yet present, but SL is competitive in needed assets » Target investment & knowhow from abroad

z-score



# Agricultural machinery

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | 0.35   | High             |
| Wages per value added (USA)                  | 74%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 76     | Average          |
| Average wage rate (peers; z-score)           | -0.30  | Low              |
| Average wage rate (USA; USD per year)        | 50,659 | High             |
| Employment for youth (in SL)                 | 29%    | Low              |
| Employment for women (in SL)                 | 22%    | Low              |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 52%    | High             |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | 0.33   | High             |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 33    | High             |
| Imports in SL (vs global per capita)       | 50%   | Average          |
| Imports in SL (3-year increase, USD mn)    | +7    | Average          |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 84    | Low              |
| Imports in India (vs global per capita)    | 2%    | Very low         |
| Imports in India (3-year increase, USD mn) | -27   | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 652   | Average          |
| Imports in China (vs global per capita)    | 13%   | Low              |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 23.6  | Average          |
| Imports globally (3-year increase, USD bn) | -3.2  | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 1     | Low              |
| New exporters in SL (>10k USD)                          | 3     | Low              |
| New exporters in SL (>100k USD)                         | 1     | Low              |
| Rate of new vs. consistent exporters                    | 1.0   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 41%   | High             |
| Japan's share of Indian market                          | 6%    | Average          |
| Korea's share of Indian market                          | 1%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 140%  | Low              |
| Exports from India (vs global per capita)               | 5%    | Low              |
| Exports from China (vs global per capita)               | 51%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 0.2   | Very low         |
| Exports from SL (vs global per capita)        | 0.2%  | Low              |
| SL's share of Indian market                   | 0.05% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 907   | Average          |
| Worker training in SL                         | 10%   | Low              |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 1     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 3     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.59 | Low              |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.9x avg |
| Engineers required (in USA)                      | 1.3x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.1x avg |
| Skilled workers required (in SL)                 | 0.8x avg |
| Skilled workers required (in USA)                | 1.0x avg |
| Research & development use (in OECD)             | 1.1x avg |
| Research & development use (in UK)               | 0.9x avg |

## Notes:

Sector defined as HS 8432, 8433. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

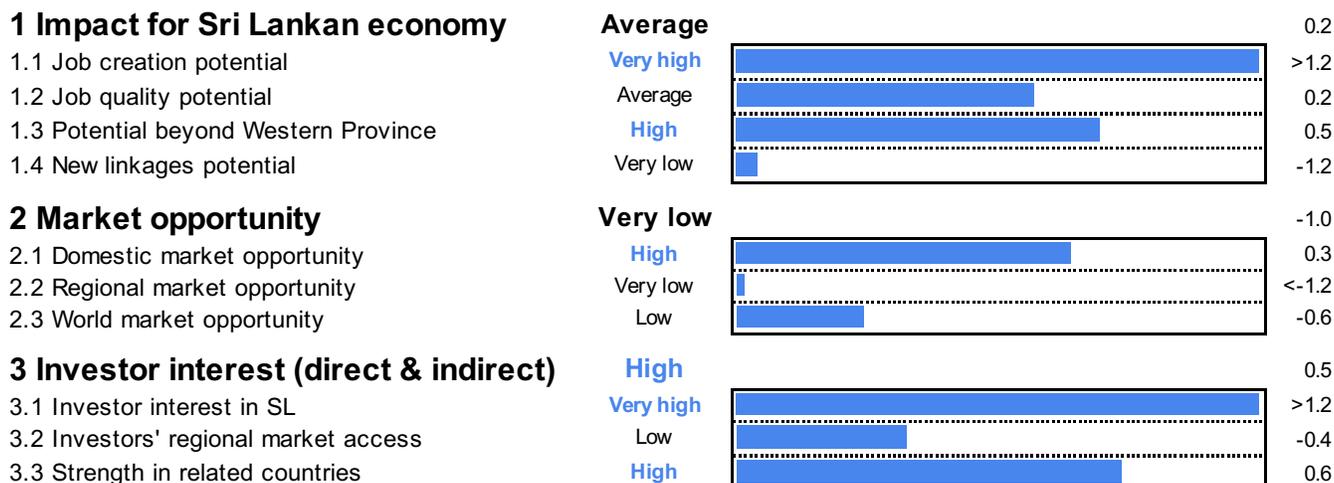
# Brassieres and parts thereof

Subsector

## Key statistics (2015-2016)

|                                 |       |  |        |
|---------------------------------|-------|--|--------|
| Exports from Sri Lanka (USD mn) | 587.0 | Major exporters (over USD 1mn for 3 years) | 16     |
| Imports from Sri Lanka (USD mn) | 33.3  | BOI companies in operation                 | 218    |
| World market (USD bn)           | 11.3  | Employment in Sri Lanka                    | 16,864 |

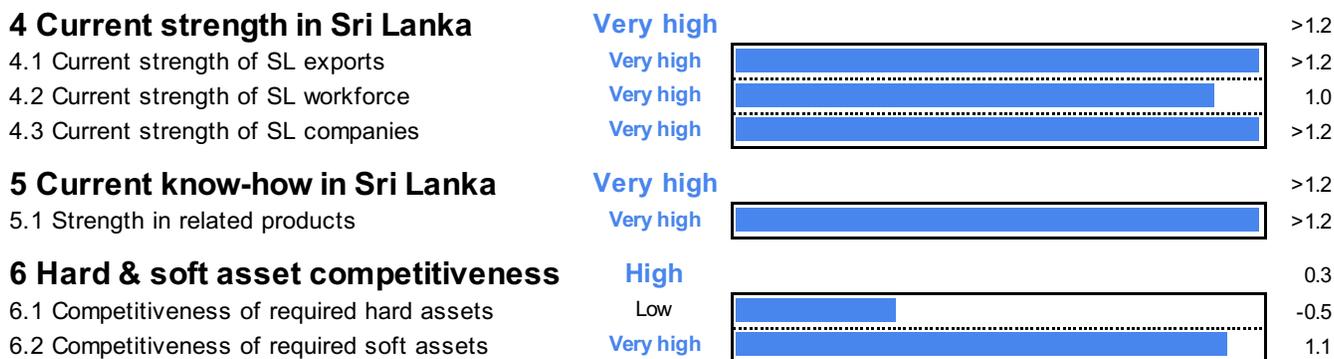
## SECTOR PRIORITIZATION **22nd / 29 subsectors (score = -0.19)** LOWER PRIORITY\*



\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

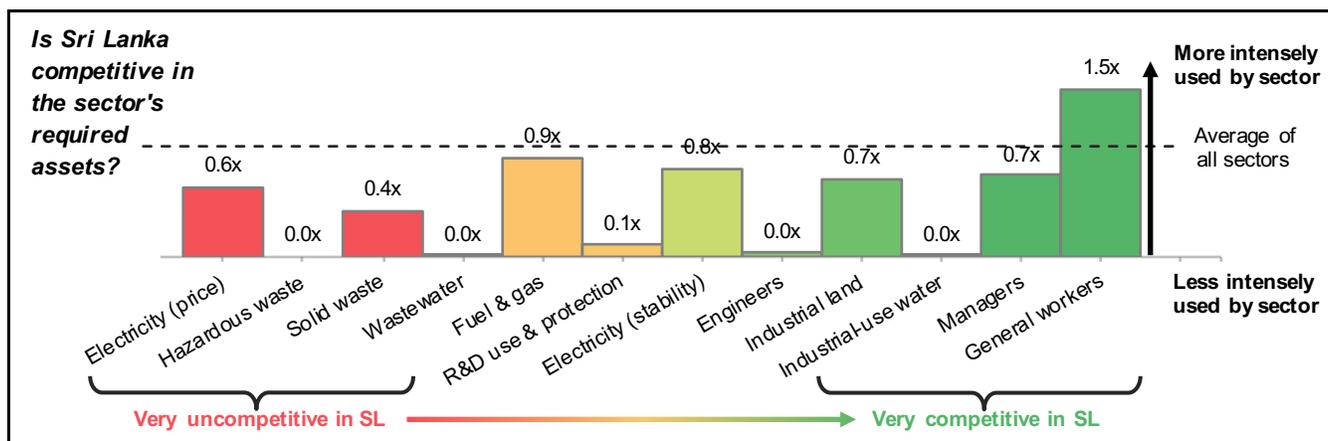
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***



\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Brassieres and parts thereof

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 1.30   | Very high        |
| Jobs per value added (peers; z-score)        | 1.33   | Very high        |
| Wages per value added (USA)                  | 83%    | Very high        |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 68     | Low              |
| Average wage rate (peers; z-score)           | -1.04  | Very low         |
| Average wage rate (USA; USD per year)        | 31,000 | Very low         |
| Employment for youth (in SL)                 | 45%    | Very high        |
| Employment for women (in SL)                 | 70%    | Very high        |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 45%    | Very high        |
| Employment beyond Western Prov.              | 33%    | Average          |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.15  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 33    | High             |
| Imports in SL (vs global per capita)       | 103%  | Average          |
| Imports in SL (3-year increase, USD mn)    | +14   | High             |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 20    | Very low         |
| Imports in India (vs global per capita)    | 1%    | Very low         |
| Imports in India (3-year increase, USD mn) | +11   | Very low         |
| Coverage under ISFTA                       | 0%    | Very low         |
| Imports in China (current, USD mn)         | 70    | Very low         |
| Imports in China (vs global per capita)    | 3%    | Very low         |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 11.3  | Low              |
| Imports globally (3-year increase, USD bn) | +1.9  | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 75    | Very high        |
| New exporters in SL (>10k USD)                          | 38    | High             |
| New exporters in SL (>100k USD)                         | 26    | Very high        |
| Rate of new vs. consistent exporters                    | 1.1   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 44%   | Very high        |
| Japan's share of Indian market                          | 0%    | Very low         |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 166%  | Average          |
| Exports from India (vs global per capita)               | 7%    | Low              |
| Exports from China (vs global per capita)               | 257%  | Very high        |

|   | value   | z-score quintile |
|---|---------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |         |                  |
| <b>4.1 Current strength of SL exports</b>     |         |                  |
| Exports from SL (current, USD mn)             | 587.0   | Very high        |
| Exports from SL (vs global per capita)        | 1818.6% | Very high        |
| SL's share of Indian market                   | 31.96%  | Very high        |
| <b>4.2 Current strength of SL workforce</b>   |         |                  |
| Current employment in SL                      | 16,864  | Very high        |
| Worker training in SL                         | 15%     | Low              |
| <b>4.3 Current strength of SL companies</b>   |         |                  |
| Consistent exporters in SL (>100k USD)        | 24      | Very high        |
| Consistent exporters in SL (>1mn USD)         | 16      | Very high        |
| Consistent exporters in SL (>10mn USD)        | 9       | Very high        |
| BOI companies in operation                    | 218     | Very high        |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 2.13  | Very high        |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.7x avg |
| Engineers required (in USA)                      | 0.0x avg |
| General workers required (in SL)                 | 1.6x avg |
| General workers required (in peer countries)     | 1.4x avg |
| Skilled workers required (in SL)                 | 1.1x avg |
| Skilled workers required (in USA)                | 0.8x avg |
| Research & development use (in OECD)             | 0.2x avg |
| Research & development use (in UK)               | 0.0x avg |

## Notes:

Sector defined as HS 6212. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Essential oils

Subsector

## Key statistics (2015-2016)

|                                 |      |  |     |
|---------------------------------|------|--|-----|
| Exports from Sri Lanka (USD mn) | 42.1 | Major exporters (over USD 1mn for 3 years) | 4   |
| Imports from Sri Lanka (USD mn) | 5.3  | BOI companies in operation                 | 17  |
| World market (USD bn)           | 4.7  | Employment in Sri Lanka                    | 825 |

## SECTOR PRIORITIZATION **23rd** / 29 subsectors (score = -0.28) **LOWER PRIORITY\***

| Category   | Priority    | z-score |
|--|-------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Low</b>  | -0.6    |
| 1.1 Job creation potential                         | Very low    | <-1.2   |
| 1.2 Job quality potential                          | High        | 0.6     |
| 1.3 Potential beyond Western Province              | High        | 0.7     |
| 1.4 New linkages potential                         | Very low    | -1.2    |
| <b>2 Market opportunity</b>                        | <b>Low</b>  | -0.4    |
| 2.1 Domestic market opportunity                    | Low         | -0.5    |
| 2.2 Regional market opportunity                    | High        | 0.3     |
| 2.3 World market opportunity                       | Very low    | -1.2    |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>High</b> | 0.3     |
| 3.1 Investor interest in SL                        | High        | 0.8     |
| 3.2 Investors' regional market access              | Low         | -0.7    |
| 3.3 Strength in related countries                  | Very high   | 0.9     |

\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

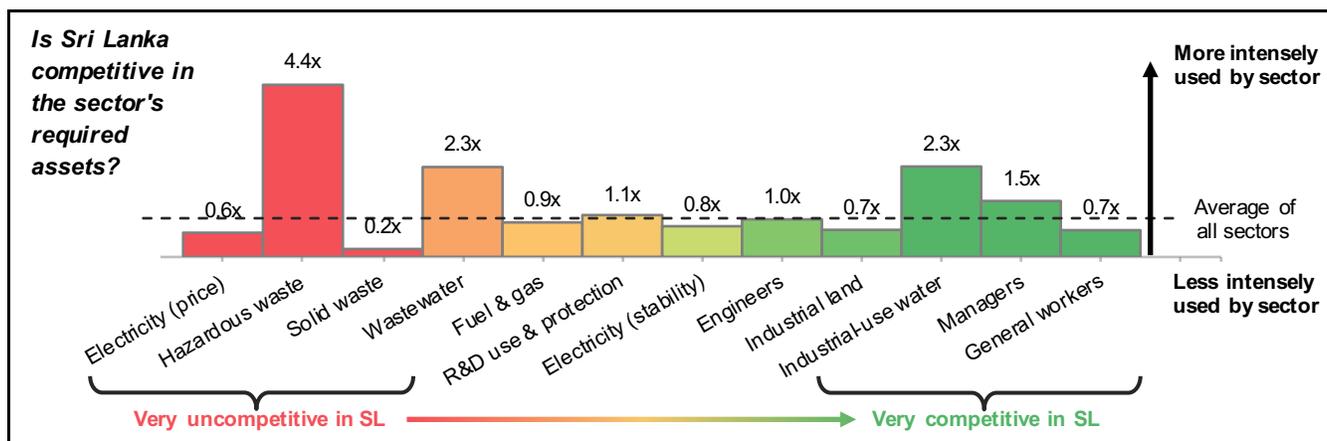
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***

| Category                                       | Strategy         | z-score |
|--|------------------|---------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Average</b>   | 0.1     |
| 4.1 Current strength of SL exports             | High             | 0.3     |
| 4.2 Current strength of SL workforce           | Average          | 0.0     |
| 4.3 Current strength of SL companies           | Average          | 0.0     |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Very high</b> | >1.2    |
| 5.1 Strength in related products               | Very high        | >1.2    |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Average</b>   | 0.0     |
| 6.1 Competitiveness of required hard assets    | Low              | -0.4    |
| 6.2 Competitiveness of required soft assets    | High             | 0.7     |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Essential oils

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.46   | Very low         |
| Jobs per value added (peers; z-score)        | -0.55  | Very low         |
| Wages per value added (USA)                  | 54%    | Very low         |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 70     | Low              |
| Average wage rate (peers; z-score)           | 0.51   | Very high        |
| Average wage rate (USA; USD per year)        | 70,000 | Very high        |
| Employment for youth (in SL)                 | 33%    | Average          |
| Employment for women (in SL)                 | 41%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 29%    | High             |
| Employment beyond Western Prov.              | 66%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.15  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 5     | Very low         |
| Imports in SL (vs global per capita)       | 40%   | Average          |
| Imports in SL (3-year increase, USD mn)    | +3    | Average          |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 150   | Average          |
| Imports in India (vs global per capita)    | 18%   | Very high        |
| Imports in India (3-year increase, USD mn) | +39   | Average          |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 224   | Low              |
| Imports in China (vs global per capita)    | 26%   | Low              |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 4.7   | Very low         |
| Imports globally (3-year increase, USD bn) | +1.2  | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 8     | Average          |
| New exporters in SL (>10k USD)                          | 51    | Very high        |
| New exporters in SL (>100k USD)                         | 22    | Very high        |
| Rate of new vs. consistent exporters                    | 1.8   | Very high        |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 25%   | Average          |
| Japan's share of Indian market                          | 0%    | Very low         |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 18%   | Very low         |
| Exports from India (vs global per capita)               | 62%   | Very high        |
| Exports from China (vs global per capita)               | 80%   | Low              |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 42.1   | High             |
| Exports from SL (vs global per capita)        | 314.0% | Average          |
| SL's share of Indian market                   | 3.21%  | Average          |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 825    | Average          |
| Worker training in SL                         | 16%    | Average          |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 12     | High             |
| Consistent exporters in SL (>1mn USD)         | 4      | Average          |
| Consistent exporters in SL (>10mn USD)        | 0      | Low              |
| BOI companies in operation                    | 17     | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 1.24  | Very high        |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.2x avg |
| Hazardous waste production (BOI estimate)        | 4.4x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.5x avg |
| Engineers required (in USA)                      | 1.0x avg |
| General workers required (in SL)                 | 0.6x avg |
| General workers required (in peer countries)     | 0.9x avg |
| Skilled workers required (in SL)                 | 1.5x avg |
| Skilled workers required (in USA)                | 1.8x avg |
| Research & development use (in OECD)             | 1.4x avg |
| Research & development use (in UK)               | 0.7x avg |

## Notes:

Sector defined as HS 3301. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

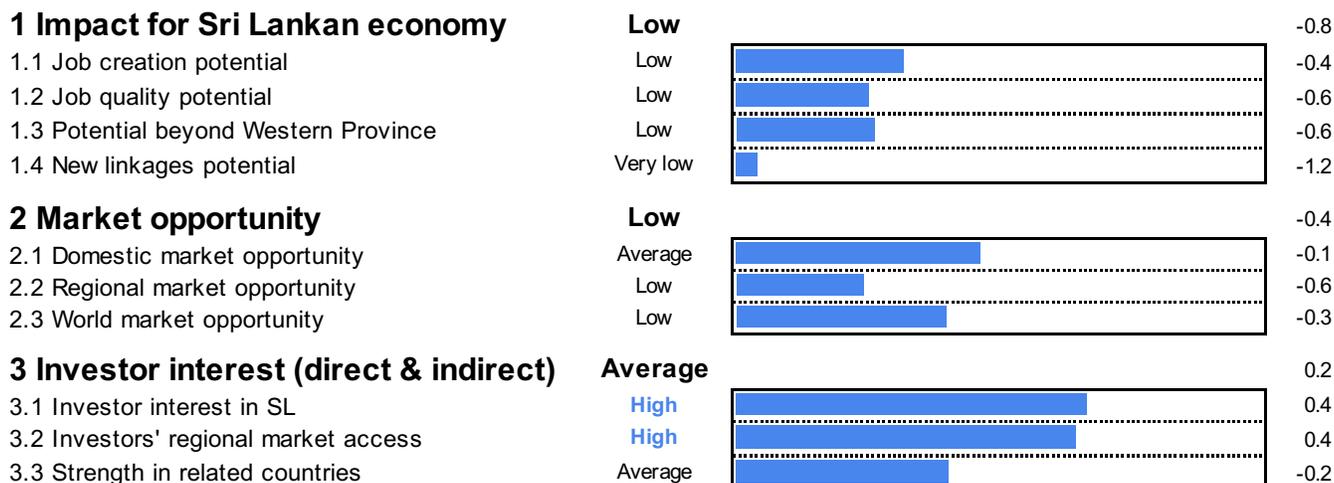
# Gaskets and other rubber articles

Subsector

## Key statistics (2015-2016)

|                                 |      |  |       |
|---------------------------------|------|--|-------|
| Exports from Sri Lanka (USD mn) | 79.4 | Major exporters (over USD 1mn for 3 years) | 9     |
| Imports from Sri Lanka (USD mn) | 20.4 | BOI companies in operation                 | 33    |
| World market (USD bn)           | 24.4 | Employment in Sri Lanka                    | 6,626 |

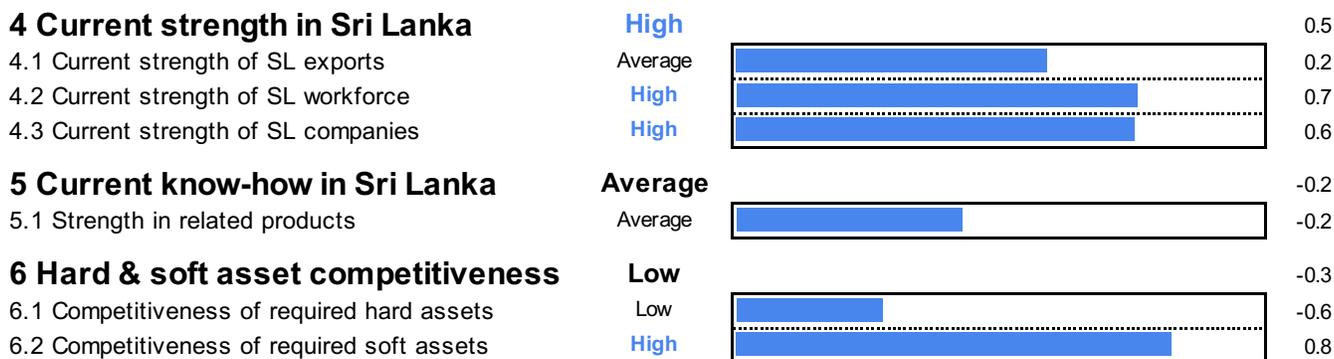
## SECTOR PRIORITIZATION 24th / 29 subsectors (score = -0.34) LOWER PRIORITY\*



\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

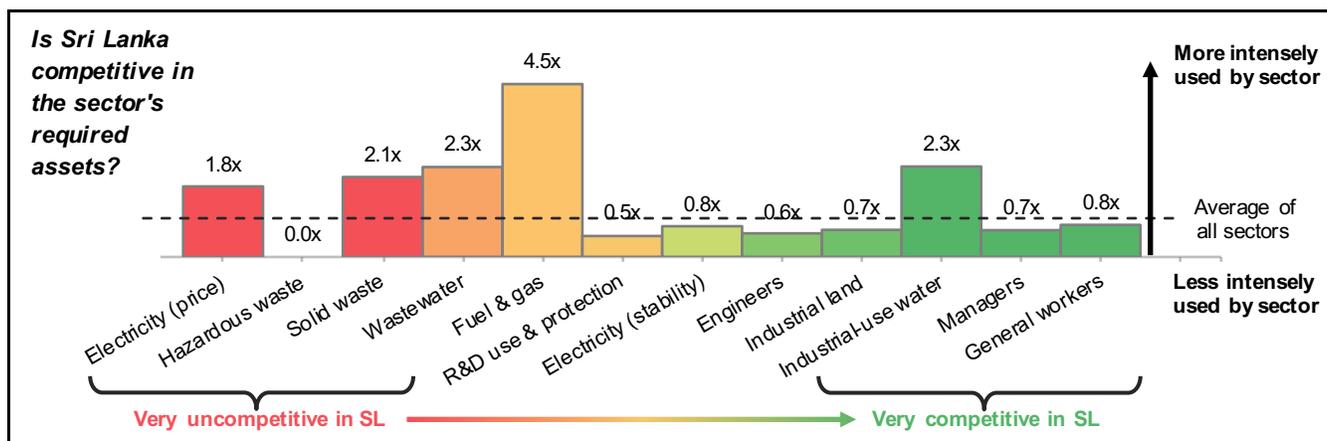
z-score

## SECTOR STRATEGY EXISTING OR EMERGING, ASSET IMPROVEMENTS NEEDED\*\*



\*\*Strong or emerging, but SL lacks needed assets » Promote existing firms, upgrade infrastructure & skills

z-score



# Gaskets and other rubber articles

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.51   | Very low         |
| Jobs per value added (peers; z-score)        | -0.05  | Low              |
| Wages per value added (USA)                  | 73%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 67     | Very low         |
| Average wage rate (peers; z-score)           | -0.46  | Very low         |
| Average wage rate (USA; USD per year)        | 41,000 | Low              |
| Employment for youth (in SL)                 | 22%    | Very low         |
| Employment for women (in SL)                 | 34%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 19%    | Low              |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.15  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 20    | Average          |
| Imports in SL (vs global per capita)       | 29%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +5    | Average          |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 370   | Average          |
| Imports in India (vs global per capita)    | 9%    | Average          |
| Imports in India (3-year increase, USD mn) | -22   | Very low         |
| Coverage under ISFTA                       | 0%    | Very low         |
| Imports in China (current, USD mn)         | 1,670 | High             |
| Imports in China (vs global per capita)    | 37%   | Average          |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 24.4  | Average          |
| Imports globally (3-year increase, USD bn) | +2.3  | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 9     | Average          |
| New exporters in SL (>10k USD)                          | 35    | High             |
| New exporters in SL (>100k USD)                         | 24    | Very high        |
| Rate of new vs. consistent exporters                    | 1.3   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 12%   | Low              |
| Japan's share of Indian market                          | 12%   | Very high        |
| Korea's share of Indian market                          | 9%    | High             |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 181%  | Average          |
| Exports from India (vs global per capita)               | 8%    | Average          |
| Exports from China (vs global per capita)               | 62%   | Low              |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 79.4   | Very high        |
| Exports from SL (vs global per capita)        | 113.9% | Average          |
| SL's share of Indian market                   | 0.13%  | Low              |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 6,626  | Very high        |
| Worker training in SL                         | 14%    | Low              |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 18     | Very high        |
| Consistent exporters in SL (>1mn USD)         | 9      | Very high        |
| Consistent exporters in SL (>10mn USD)        | 2      | High             |
| BOI companies in operation                    | 33     | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.18 | Average          |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 3.0x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 4.5x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 2.1x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.7x avg |
| Engineers required (in USA)                      | 0.6x avg |
| General workers required (in SL)                 | 0.6x avg |
| General workers required (in peer countries)     | 1.0x avg |
| Skilled workers required (in SL)                 | 0.8x avg |
| Skilled workers required (in USA)                | 0.7x avg |
| Research & development use (in OECD)             | 0.6x avg |
| Research & development use (in UK)               | 0.5x avg |

## Notes:

Sector defined as HS 4016. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

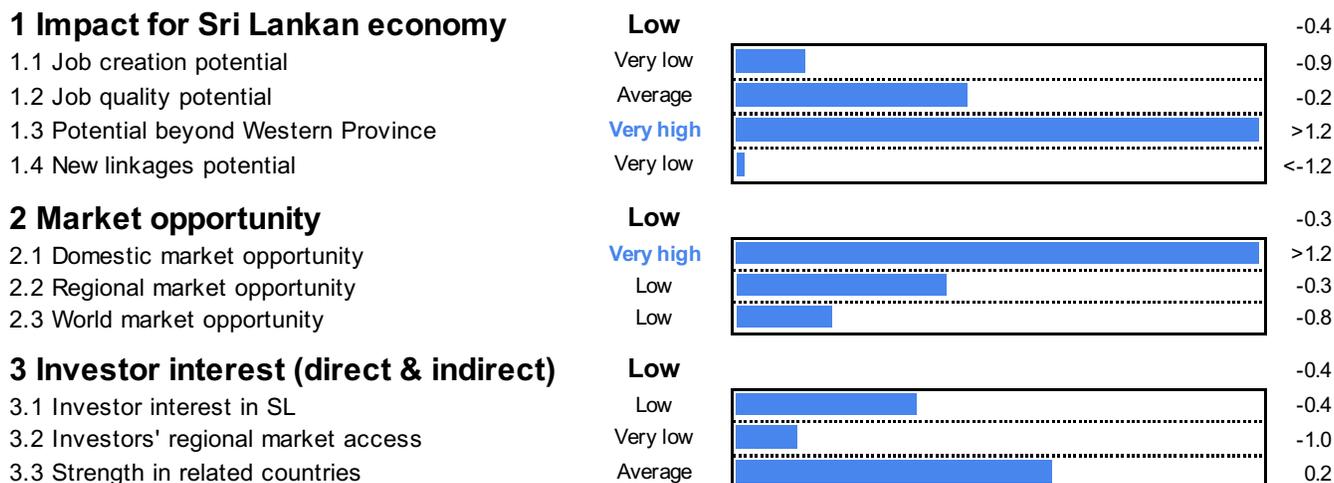
# Cement

Subsector

## Key statistics (2015-2016)

|                                 |       |  |     |
|---------------------------------|-------|--|-----|
| Exports from Sri Lanka (USD mn) | 0.0   | Major exporters (over USD 1mn for 3 years) | 0   |
| Imports from Sri Lanka (USD mn) | 329.0 | BOI companies in operation                 | 7   |
| World market (USD bn)           | 11.7  | Employment in Sri Lanka                    | 540 |

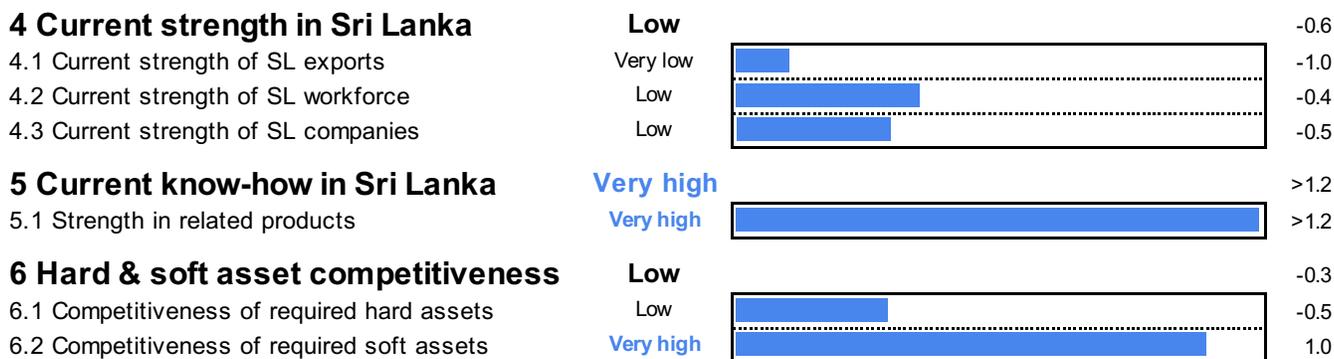
## SECTOR PRIORITIZATION 25th / 29 subsectors (score = -0.36) LOWER PRIORITY\*



\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

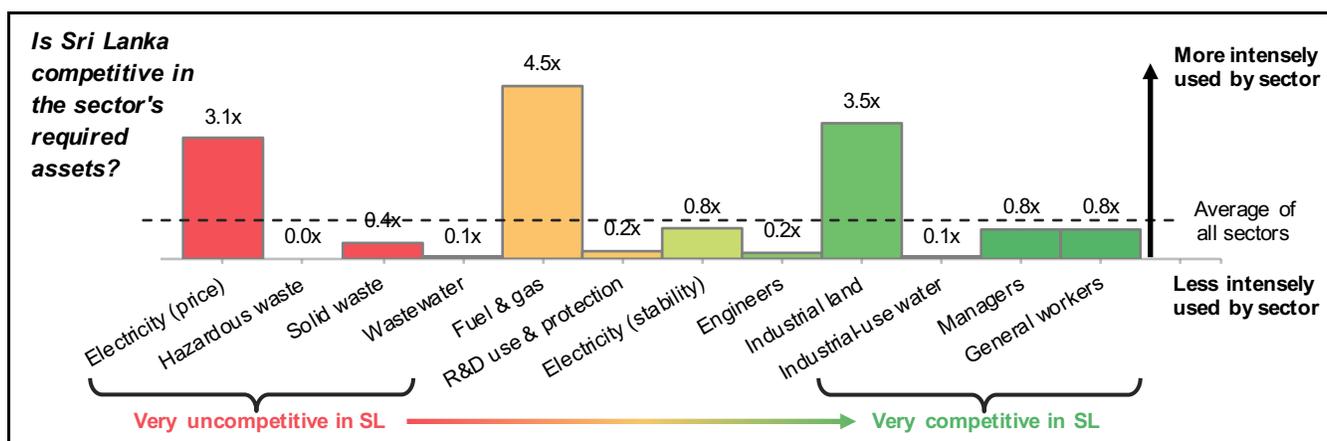
z-score

## SECTOR STRATEGY EXISTING OR EMERGING, ASSET IMPROVEMENTS NEEDED\*\*



\*\*Strong or emerging, but SL lacks needed assets » Promote existing firms, upgrade infrastructure & skills

z-score



|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.65   | Low              |
| Jobs per value added (peers; z-score)        | -1.01  | Very low         |
| Wages per value added (USA)                  | 71%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 76     | Average          |
| Average wage rate (peers; z-score)           | 0.75   | Very high        |
| Average wage rate (USA; USD per year)        | 41,000 | Low              |
| Employment for youth (in SL)                 | 20%    | Very low         |
| Employment for women (in SL)                 | 32%    | Average          |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 91%    | Very high        |
| Employment beyond Western Prov.              | 74%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.27  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 329   | Very high        |
| Imports in SL (vs global per capita)       | 1130% | Very high        |
| Imports in SL (3-year increase, USD mn)    | +19   | Very high        |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 80    | Low              |
| Imports in India (vs global per capita)    | 4%    | Low              |
| Imports in India (3-year increase, USD mn) | -10   | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 20    | Very low         |
| Imports in China (vs global per capita)    | 1%    | Very low         |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 11.7  | Low              |
| Imports globally (3-year increase, USD bn) | +1.2  | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 10    | Average          |
| New exporters in SL (>10k USD)                          | 3     | Low              |
| New exporters in SL (>100k USD)                         | 0     | Low              |
| Rate of new vs. consistent exporters                    | .     | n/a              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 7%    | Very low         |
| Japan's share of Indian market                          | 0%    | Very low         |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 402%  | Very high        |
| Exports from India (vs global per capita)               | 13%   | Average          |
| Exports from China (vs global per capita)               | 43%   | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 0.0   | Very low         |
| Exports from SL (vs global per capita)        | 0.1%  | Low              |
| SL's share of Indian market                   | 0.00% | Low              |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 540   | Average          |
| Worker training in SL                         | 7%    | Very low         |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 0     | Low              |
| Consistent exporters in SL (>1mn USD)         | 0     | Low              |
| Consistent exporters in SL (>10mn USD)        | 0     | Low              |
| BOI companies in operation                    | 7     | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 1.24  | Very high        |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 3.5x avg |
| Energy use (UNIDO estimate)                      | 3.3x avg |
| Energy use (BOI estimate)                        | 3.0x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 4.5x avg |
| Industrial water use (BOI estimate)              | 0.1x avg |
| Wastewater production (BOI estimate)             | 0.1x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.8x avg |
| Engineers required (in USA)                      | 0.2x avg |
| General workers required (in SL)                 | 0.8x avg |
| General workers required (in peer countries)     | 0.7x avg |
| Skilled workers required (in SL)                 | 0.5x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 0.3x avg |
| Research & development use (in UK)               | 0.1x avg |

**Notes:**

Sector defined as HS 2523. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Bicycles

Subsector

## Key statistics (2015-2016)

|                                 |      |  |       |
|---------------------------------|------|--|-------|
| Exports from Sri Lanka (USD mn) | 34.1 | Major exporters (over USD 1mn for 3 years) | 5     |
| Imports from Sri Lanka (USD mn) | 10.9 | BOI companies in operation                 | 5     |
| World market (USD bn)           | 9.2  | Employment in Sri Lanka                    | 1,131 |

## SECTOR PRIORITIZATION 26th / 29 subsectors (score = -0.37) LOWER PRIORITY\*

| Category   | Priority   | z-score |
|--|------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Low</b> | -0.3    |
| 1.1 Job creation potential                         | Very high  | 0.9     |
| 1.2 Job quality potential                          | Average    | -0.1    |
| 1.3 Potential beyond Western Province              | Low        | -0.8    |
| 1.4 New linkages potential                         | Very low   | -1.2    |
| <b>2 Market opportunity</b>                        | <b>Low</b> | -0.5    |
| 2.1 Domestic market opportunity                    | Average    | -0.2    |
| 2.2 Regional market opportunity                    | Low        | -0.4    |
| 2.3 World market opportunity                       | Low        | -0.6    |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Low</b> | -0.3    |
| 3.1 Investor interest in SL                        | Low        | -0.4    |
| 3.2 Investors' regional market access              | Low        | -0.6    |
| 3.3 Strength in related countries                  | High       | 0.3     |

\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

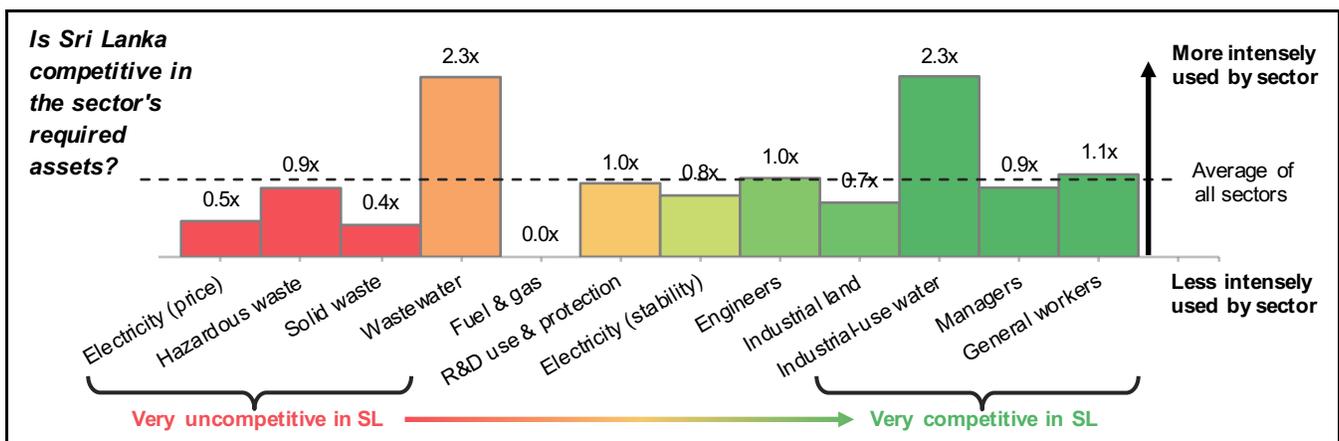
z-score

## SECTOR STRATEGY EXISTING OR EMERGING\*\*

|  |                |      |
|--|----------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>High</b>    | 0.3  |
| 4.1 Current strength of SL exports             | High           | 0.8  |
| 4.2 Current strength of SL workforce           | Average        | 0.0  |
| 4.3 Current strength of SL companies           | Average        | -0.1 |
| <b>5 Current know-how in Sri Lanka</b>         | <b>High</b>    | 0.5  |
| 5.1 Strength in related products               | High           | 0.5  |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Average</b> | 0.2  |
| 6.1 Competitiveness of required hard assets    | Average        | -0.2 |
| 6.2 Competitiveness of required soft assets    | High           | 0.8  |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Bicycles

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.80   | Average          |
| Jobs per value added (peers; z-score)        | 0.48   | High             |
| Wages per value added (USA)                  | 92%    | Very high        |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 63     | Very low         |
| Average wage rate (peers; z-score)           | -0.61  | Very low         |
| Average wage rate (USA; USD per year)        | 57,000 | Very high        |
| Employment for youth (in SL)                 | 47%    | Very high        |
| Employment for women (in SL)                 | 19%    | Low              |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 0%     | Low              |
| Employment beyond Western Prov.              | 2%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.15  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 11    | Low              |
| Imports in SL (vs global per capita)       | 41%   | Average          |
| Imports in SL (3-year increase, USD mn)    | -1    | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 30    | Very low         |
| Imports in India (vs global per capita)    | 2%    | Very low         |
| Imports in India (3-year increase, USD mn) | -6    | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 700   | Average          |
| Imports in China (vs global per capita)    | 4%    | Very low         |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 9.2   | Very low         |
| Imports globally (3-year increase, USD bn) | +3.1  | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 1     | Low              |
| New exporters in SL (>10k USD)                          | 9     | Low              |
| New exporters in SL (>100k USD)                         | 7     | Average          |
| Rate of new vs. consistent exporters                    | 1.2   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 37%   | High             |
| Japan's share of Indian market                          | 0%    | Very low         |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | .     | n/a              |
| Exports from India (vs global per capita)               | 3%    | Low              |
| Exports from China (vs global per capita)               | 205%  | Very high        |

|   | value  | z-score quintile |
|---|--------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |        |                  |
| <b>4.1 Current strength of SL exports</b>     |        |                  |
| Exports from SL (current, USD mn)             | 34.1   | High             |
| Exports from SL (vs global per capita)        | 129.7% | Average          |
| SL's share of Indian market                   | 30.49% | Very high        |
| <b>4.2 Current strength of SL workforce</b>   |        |                  |
| Current employment in SL                      | 1,131  | Average          |
| Worker training in SL                         | 12%    | Low              |
| <b>4.3 Current strength of SL companies</b>   |        |                  |
| Consistent exporters in SL (>100k USD)        | 6      | Average          |
| Consistent exporters in SL (>1mn USD)         | 5      | High             |
| Consistent exporters in SL (>10mn USD)        | 1      | Average          |
| BOI companies in operation                    | 5      | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 0.53  | High             |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.0x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.4x avg |
| Hazardous waste production (BOI estimate)        | 0.9x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.9x avg |
| Engineers required (in USA)                      | 1.0x avg |
| General workers required (in SL)                 | 1.0x avg |
| General workers required (in peer countries)     | 1.2x avg |
| Skilled workers required (in SL)                 | 0.3x avg |
| Skilled workers required (in USA)                | 1.3x avg |
| Research & development use (in OECD)             | 1.6x avg |
| Research & development use (in UK)               | 0.3x avg |

## Notes:

Sector defined as HS 8712. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Fruit and nut preparations (coconut milk)

Subsector

## Key statistics (2015-2016)

|                                 |      |  |       |
|---------------------------------|------|--|-------|
| Exports from Sri Lanka (USD mn) | 37.5 | Major exporters (over USD 1mn for 3 years) | 6     |
| Imports from Sri Lanka (USD mn) | 3.9  | BOI companies in operation                 | 24    |
| World market (USD bn)           | 14.2 | Employment in Sri Lanka                    | 1,723 |

## SECTOR PRIORITIZATION **27th** / 29 subsectors (score = -0.51) LOWER PRIORITY\*

| Category   | Overall Rating   | Z-score |
|--|------------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Low</b>       | -0.8    |
| 1.1 Job creation potential                         | Very low         | <-1.2   |
| 1.2 Job quality potential                          | Low              | -0.6    |
| 1.3 Potential beyond Western Province              | <b>Very high</b> | >1.2    |
| 1.4 New linkages potential                         | Very low         | -1.2    |
| <b>2 Market opportunity</b>                        | <b>Low</b>       | -0.8    |
| 2.1 Domestic market opportunity                    | Low              | -0.5    |
| 2.2 Regional market opportunity                    | Very low         | -1.1    |
| 2.3 World market opportunity                       | Low              | -0.5    |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Average</b>   | 0.1     |
| 3.1 Investor interest in SL                        | <b>Very high</b> | >1.2    |
| 3.2 Investors' regional market access              | Very low         | -1.0    |
| 3.3 Strength in related countries                  | Average          | 0.1     |

\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

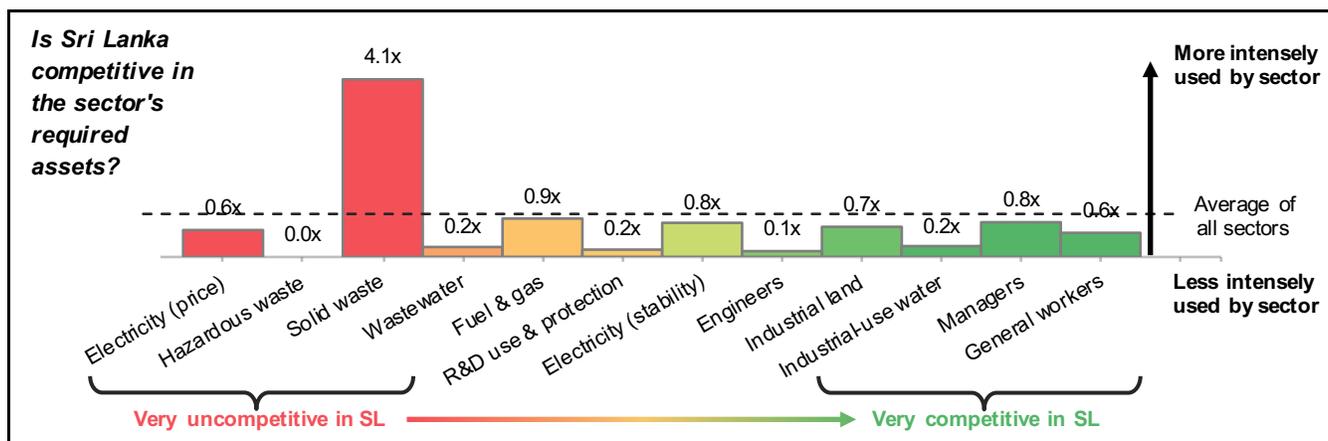
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING\*\***

|  |                  |      |
|--|------------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Average</b>   | 0.2  |
| 4.1 Current strength of SL exports             | Average          | 0.2  |
| 4.2 Current strength of SL workforce           | Average          | 0.1  |
| 4.3 Current strength of SL companies           | <b>High</b>      | 0.4  |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Very high</b> | >1.2 |
| 5.1 Strength in related products               | <b>Very high</b> | >1.2 |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Average</b>   | -0.2 |
| 6.1 Competitiveness of required hard assets    | Low              | -0.6 |
| 6.2 Competitiveness of required soft assets    | <b>Very high</b> | 1.0  |

\*\*Currently strong or emerging in SL » Promote existing exporters & new FDI

z-score



# Fruit and nut preparations (coconut milk)

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.25   | Very low         |
| Jobs per value added (peers; z-score)        | -0.69  | Very low         |
| Wages per value added (USA)                  | 57%    | Very low         |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 65     | Very low         |
| Average wage rate (peers; z-score)           | -0.48  | Very low         |
| Average wage rate (USA; USD per year)        | 35,000 | Very low         |
| Employment for youth (in SL)                 | 21%    | Very low         |
| Employment for women (in SL)                 | 46%    | Very high        |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 35%    | High             |
| Employment beyond Western Prov.              | 98%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.15  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 4     | Very low         |
| Imports in SL (vs global per capita)       | 10%   | Low              |
| Imports in SL (3-year increase, USD mn)    | -0    | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 2     | Very low         |
| Imports in India (vs global per capita)    | 1%    | Very low         |
| Imports in India (3-year increase, USD mn) | +8    | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 350   | Low              |
| Imports in China (vs global per capita)    | 13%   | Low              |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 14.2  | Low              |
| Imports globally (3-year increase, USD bn) | +2.4  | Low              |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 7     | Average          |
| New exporters in SL (>10k USD)                          | 86    | Very high        |
| New exporters in SL (>100k USD)                         | 30    | Very high        |
| Rate of new vs. consistent exporters                    | 1.7   | High             |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 5%    | Very low         |
| Japan's share of Indian market                          | 0%    | Very low         |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 337%  | Very high        |
| Exports from India (vs global per capita)               | 7%    | Low              |
| Exports from China (vs global per capita)               | 86%   | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |       |                  |
| <b>4.1 Current strength of SL exports</b>     |       |                  |
| Exports from SL (current, USD mn)             | 37.5  | High             |
| Exports from SL (vs global per capita)        | 92.4% | Low              |
| SL's share of Indian market                   | 3.07% | Average          |
| <b>4.2 Current strength of SL workforce</b>   |       |                  |
| Current employment in SL                      | 1,723 | High             |
| Worker training in SL                         | 8%    | Very low         |
| <b>4.3 Current strength of SL companies</b>   |       |                  |
| Consistent exporters in SL (>100k USD)        | 18    | Very high        |
| Consistent exporters in SL (>1mn USD)         | 6     | High             |
| Consistent exporters in SL (>10mn USD)        | 1     | Average          |
| BOI companies in operation                    | 24    | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 1.24  | Very high        |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 0.2x avg |
| Wastewater production (BOI estimate)             | 0.2x avg |
| Solid waste production (BOI estimate)            | 4.1x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.8x avg |
| Engineers required (in USA)                      | 0.1x avg |
| General workers required (in SL)                 | 0.3x avg |
| General workers required (in peer countries)     | 0.8x avg |
| Skilled workers required (in SL)                 | 0.7x avg |
| Skilled workers required (in USA)                | 0.6x avg |
| Research & development use (in OECD)             | 0.2x avg |
| Research & development use (in UK)               | 0.1x avg |

## Notes:

Sector defined as HS 2008. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Activated carbon

Subsector

## Key statistics (2015-2016)

|                                 |      |  |       |
|---------------------------------|------|--|-------|
| Exports from Sri Lanka (USD mn) | 83.0 | Major exporters (over USD 1mn for 3 years) | 4     |
| Imports from Sri Lanka (USD mn) | 14.6 | BOI companies in operation                 | 14    |
| World market (USD bn)           | 2.2  | Employment in Sri Lanka                    | 1,157 |

## SECTOR PRIORITIZATION **28th** / 29 subsectors (score = -0.70) **LOWER PRIORITY\***

| Category   | Level            | Z-score |
|--|------------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Low</b>       | -0.6    |
| 1.1 Job creation potential                         | Very low         | <-1.2   |
| 1.2 Job quality potential                          | <b>High</b>      | 0.6     |
| 1.3 Potential beyond Western Province              | <b>Very high</b> | 0.9     |
| 1.4 New linkages potential                         | Very low         | -1.2    |
| <b>2 Market opportunity</b>                        | <b>Very low</b>  | <-1.2   |
| 2.1 Domestic market opportunity                    | Average          | -0.1    |
| 2.2 Regional market opportunity                    | Low              | -0.4    |
| 2.3 World market opportunity                       | Very low         | <-1.2   |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Average</b>   | 0.1     |
| 3.1 Investor interest in SL                        | Average          | -0.2    |
| 3.2 Investors' regional market access              | Average          | 0.0     |
| 3.3 Strength in related countries                  | <b>High</b>      | 0.6     |

\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

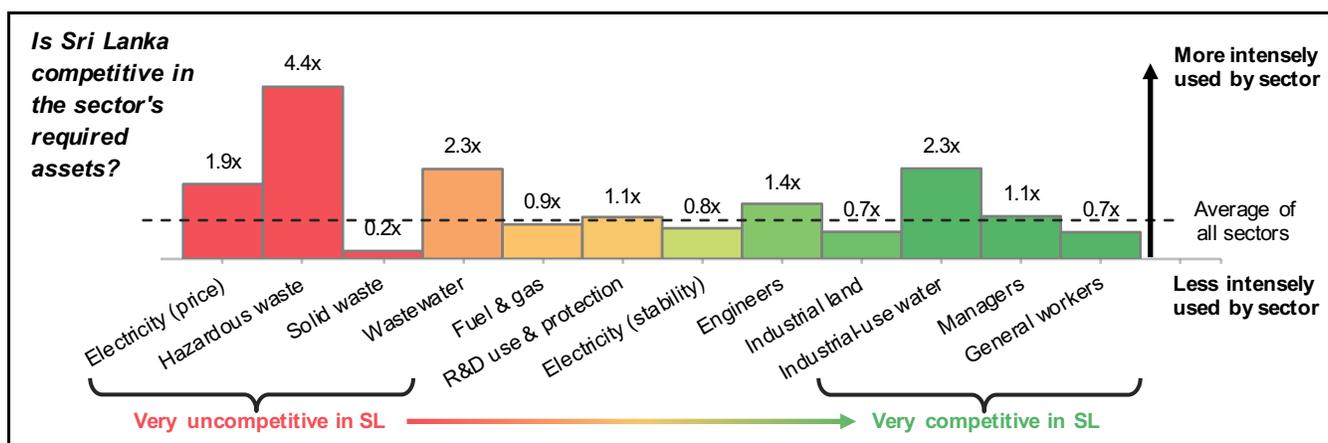
z-score

## SECTOR STRATEGY **EXISTING OR EMERGING, ASSET IMPROVEMENTS NEEDED\*\***

|  |             |      |
|--|-------------|------|
| <b>4 Current strength in Sri Lanka</b>         | <b>High</b> | 0.3  |
| 4.1 Current strength of SL exports             | <b>High</b> | 0.8  |
| 4.2 Current strength of SL workforce           | Average     | 0.1  |
| 4.3 Current strength of SL companies           | Average     | 0.1  |
| <b>5 Current know-how in Sri Lanka</b>         | <b>High</b> | 0.5  |
| 5.1 Strength in related products               | <b>High</b> | 0.5  |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Low</b>  | -0.3 |
| 6.1 Competitiveness of required hard assets    | Low         | -0.6 |
| 6.2 Competitiveness of required soft assets    | <b>High</b> | 0.7  |

\*\*Strong or emerging, but SL lacks needed assets » Promote existing firms, upgrade infrastructure & skills

z-score



# Activated carbon

Subsector

|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.46   | Very low         |
| Jobs per value added (peers; z-score)        | -0.55  | Very low         |
| Wages per value added (USA)                  | 54%    | Very low         |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 70     | Low              |
| Average wage rate (peers; z-score)           | 0.51   | Very high        |
| Average wage rate (USA; USD per year)        | 70,000 | Very high        |
| Employment for youth (in SL)                 | 33%    | Average          |
| Employment for women (in SL)                 | 41%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 29%    | High             |
| Employment beyond Western Prov.              | 78%    | Very high        |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.15  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 15    | Low              |
| Imports in SL (vs global per capita)       | 229%  | High             |
| Imports in SL (3-year increase, USD mn)    | +2    | Low              |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 50    | Very low         |
| Imports in India (vs global per capita)    | 12%   | High             |
| Imports in India (3-year increase, USD mn) | +4    | Very low         |
| Coverage under ISFTA                       | 100%  | High             |
| Imports in China (current, USD mn)         | 10    | Very low         |
| Imports in China (vs global per capita)    | 27%   | Low              |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 2.2   | Very low         |
| Imports globally (3-year increase, USD bn) | +0.0  | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 8     | Average          |
| New exporters in SL (>10k USD)                          | 12    | Low              |
| New exporters in SL (>100k USD)                         | 9     | Average          |
| Rate of new vs. consistent exporters                    | 1.1   | Low              |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 30%   | Average          |
| Japan's share of Indian market                          | 7%    | Average          |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 200%  | Average          |
| Exports from India (vs global per capita)               | 33%   | Very high        |
| Exports from China (vs global per capita)               | 100%  | Average          |

|   | value   | z-score quintile |
|---|---------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |         |                  |
| <b>4.1 Current strength of SL exports</b>     |         |                  |
| Exports from SL (current, USD mn)             | 83.0    | Very high        |
| Exports from SL (vs global per capita)        | 1304.3% | Very high        |
| SL's share of Indian market                   | 1.88%   | Average          |
| <b>4.2 Current strength of SL workforce</b>   |         |                  |
| Current employment in SL                      | 1,157   | Average          |
| Worker training in SL                         | 16%     | Average          |
| <b>4.3 Current strength of SL companies</b>   |         |                  |
| Consistent exporters in SL (>100k USD)        | 8       | Average          |
| Consistent exporters in SL (>1mn USD)         | 4       | Average          |
| Consistent exporters in SL (>10mn USD)        | 2       | High             |
| BOI companies in operation                    | 14      | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | 0.53  | High             |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 3.3x avg |
| Energy use (BOI estimate)                        | 0.6x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 0.9x avg |
| Industrial water use (BOI estimate)              | 2.3x avg |
| Wastewater production (BOI estimate)             | 2.3x avg |
| Solid waste production (BOI estimate)            | 0.2x avg |
| Hazardous waste production (BOI estimate)        | 4.4x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 1.1x avg |
| Engineers required (in USA)                      | 1.4x avg |
| General workers required (in SL)                 | 0.6x avg |
| General workers required (in peer countries)     | 0.9x avg |
| Skilled workers required (in SL)                 | 1.5x avg |
| Skilled workers required (in USA)                | 1.8x avg |
| Research & development use (in OECD)             | 1.4x avg |
| Research & development use (in UK)               | 0.7x avg |

## Notes:

Sector defined as HS 3802. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

# Solid Tyres

Subsector

## Key statistics (2015-2016)

|                                 |       |  |       |
|---------------------------------|-------|--|-------|
| Exports from Sri Lanka (USD mn) | 329.9 | Major exporters (over USD 1mn for 3 years) | 13    |
| Imports from Sri Lanka (USD mn) | 1.5   | BOI companies in operation                 | 18    |
| World market (USD bn)           | 2.4   | Employment in Sri Lanka                    | 2,010 |

## SECTOR PRIORITIZATION 29th / 29 subsectors (score = -0.77) LOWER PRIORITY\*

| Category   | Priority        | Z-score |
|--|-----------------|---------|
| <b>1 Impact for Sri Lankan economy</b>             | <b>Low</b>      | -0.8    |
| 1.1 Job creation potential                         | Low             | -0.6    |
| 1.2 Job quality potential                          | Low             | -0.3    |
| 1.3 Potential beyond Western Province              | Low             | -0.8    |
| 1.4 New linkages potential                         | Very low        | -1.2    |
| <b>2 Market opportunity</b>                        | <b>Very low</b> | <-1.2   |
| 2.1 Domestic market opportunity                    | Very low        | <-1.2   |
| 2.2 Regional market opportunity                    | Very low        | <-1.2   |
| 2.3 World market opportunity                       | Very low        | -1.1    |
| <b>3 Investor interest (direct &amp; indirect)</b> | <b>Average</b>  | -0.1    |
| 3.1 Investor interest in SL                        | Average         | 0.2     |
| 3.2 Investors' regional market access              | Low             | -0.4    |
| 3.3 Strength in related countries                  | Average         | -0.1    |

\*Lower impact, market opportunity, or investor interest » Lower priority for promotion

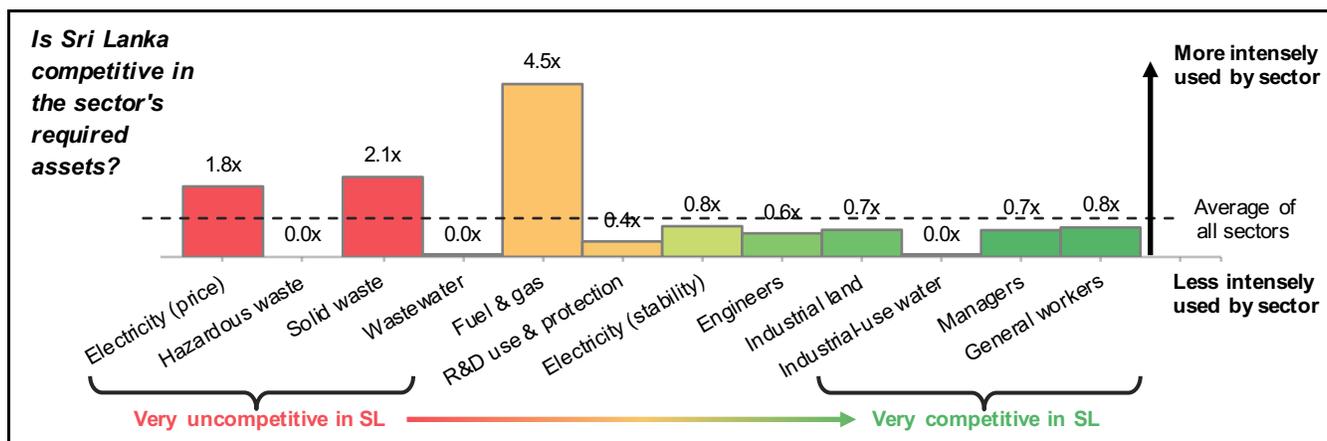
z-score

## SECTOR STRATEGY EXISTING OR EMERGING, ASSET IMPROVEMENTS NEEDED\*\*

| Category                                       | Strategy         | Z-score |
|--|------------------|---------|
| <b>4 Current strength in Sri Lanka</b>         | <b>Very high</b> | >1.2    |
| 4.1 Current strength of SL exports             | Very high        | >1.2    |
| 4.2 Current strength of SL workforce           | Average          | 0.2     |
| 4.3 Current strength of SL companies           | Very high        | 1.2     |
| <b>5 Current know-how in Sri Lanka</b>         | <b>Average</b>   | -0.2    |
| 5.1 Strength in related products               | Average          | -0.2    |
| <b>6 Hard &amp; soft asset competitiveness</b> | <b>Low</b>       | -0.4    |
| 6.1 Competitiveness of required hard assets    | Low              | -0.8    |
| 6.2 Competitiveness of required soft assets    | High             | 0.8     |

\*\*Strong or emerging, but SL lacks needed assets » Promote existing firms, upgrade infrastructure & skills

z-score



|  | value  | z-score quintile |
|--|--------|------------------|
| <b>Index 1: Impact for SL economy</b>        |        |                  |
| <b>1.1 Job creation potential</b>            |        |                  |
| Jobs per value added (SL; per Rs mn)         | 0.51   | Very low         |
| Jobs per value added (peers; z-score)        | -0.35  | Very low         |
| Wages per value added (USA)                  | 73%    | Average          |
| <b>1.2 Job quality potential</b>             |        |                  |
| Average wage rate (SL; Rs per hour)          | 67     | Very low         |
| Average wage rate (peers; z-score)           | 0.38   | High             |
| Average wage rate (USA; USD per year)        | 41,000 | Low              |
| Employment for youth (in SL)                 | 22%    | Very low         |
| Employment for women (in SL)                 | 34%    | High             |
| <b>1.3 Potential beyond Western Province</b> |        |                  |
| BOI projects beyond Western Prov.            | 3%     | Low              |
| Employment beyond Western Prov.              | 0%     | Very low         |
| <b>1.4 New linkages potential</b>            |        |                  |
| Opportunity Gain index (z-score)             | -1.15  | Very low         |

|  | value | z-score quintile |
|--|-------|------------------|
| <b>Index 2: Market opportunity</b>         |       |                  |
| <b>2.1 Domestic market opportunity</b>     |       |                  |
| Imports in SL (current, USD mn)            | 2     | Very low         |
| Imports in SL (vs global per capita)       | 22%   | Low              |
| Imports in SL (3-year increase, USD mn)    | +1    | Very low         |
| <b>2.2 Regional market opportunity</b>     |       |                  |
| Imports in India (current, USD mn)         | 10    | Very low         |
| Imports in India (vs global per capita)    | 2%    | Very low         |
| Imports in India (3-year increase, USD mn) | -0    | Very low         |
| Coverage under ISFTA                       | 0%    | Very low         |
| Imports in China (current, USD mn)         | 60    | Very low         |
| Imports in China (vs global per capita)    | 12%   | Low              |
| <b>2.3 World market opportunity</b>        |       |                  |
| Imports globally (current, USD bn)         | 2.4   | Very low         |
| Imports globally (3-year increase, USD bn) | -0.2  | Very low         |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 3: Investor interest (direct and indirect)</b> |       |                  |
| <b>3.1 Investor interest in SL</b>                      |       |                  |
| Recent investor applications                            | 11    | Average          |
| New exporters in SL (>10k USD)                          | 28    | High             |
| New exporters in SL (>100k USD)                         | 20    | High             |
| Rate of new vs. consistent exporters                    | 1.2   | Average          |
| <b>3.2 Investors' regional market access</b>            |       |                  |
| China's share of Indian market                          | 19%   | Low              |
| Japan's share of Indian market                          | 4%    | Low              |
| Korea's share of Indian market                          | 0%    | Low              |
| <b>3.3 Strength in related countries</b>                |       |                  |
| Exports from peers (vs global per capita)               | 285%  | High             |
| Exports from India (vs global per capita)               | 9%    | Average          |
| Exports from China (vs global per capita)               | 42%   | Low              |

|   | value   | z-score quintile |
|---|---------|------------------|
| <b>Index 4: Current strength in Sri Lanka</b> |         |                  |
| <b>4.1 Current strength of SL exports</b>     |         |                  |
| Exports from SL (current, USD mn)             | 329.9   | Very high        |
| Exports from SL (vs global per capita)        | 4798.7% | Very high        |
| SL's share of Indian market                   | 5.65%   | Average          |
| <b>4.2 Current strength of SL workforce</b>   |         |                  |
| Current employment in SL                      | 2,010   | High             |
| Worker training in SL                         | 14%     | Low              |
| <b>4.3 Current strength of SL companies</b>   |         |                  |
| Consistent exporters in SL (>100k USD)        | 17      | Very high        |
| Consistent exporters in SL (>1mn USD)         | 13      | Very high        |
| Consistent exporters in SL (>10mn USD)        | 6       | Very high        |
| BOI companies in operation                    | 18      | Average          |

|   | value | z-score quintile |
|---|-------|------------------|
| <b>Index 5: Current know-how in Sri Lanka</b> |       |                  |
| <b>5.1 Strength in related products</b>       |       |                  |
| Product Space density index (z-score)         | -0.18 | Average          |

Asset usage intensity  
(vs. average of all sectors)

| <b>Index 6: Hard and soft asset requirements</b> |          |
|--|----------|
| <b>6.1 Hard asset requirements</b>               |          |
| Industrial land use (BOI estimate)               | 0.7x avg |
| Energy use (UNIDO estimate)                      | 0.7x avg |
| Energy use (BOI estimate)                        | 3.0x avg |
| Electricity stability required (BOI estimate)    | 0.8x avg |
| Fuel or gas use (BOI estimate)                   | 4.5x avg |
| Industrial water use (BOI estimate)              | 0.0x avg |
| Wastewater production (BOI estimate)             | 0.0x avg |
| Solid waste production (BOI estimate)            | 2.1x avg |
| Hazardous waste production (BOI estimate)        | 0.0x avg |
| <b>6.2 Soft asset requirements</b>               |          |
| Managers required (in USA)                       | 0.7x avg |
| Engineers required (in USA)                      | 0.6x avg |
| General workers required (in SL)                 | 0.6x avg |
| General workers required (in peer countries)     | 0.9x avg |
| Skilled workers required (in SL)                 | 0.8x avg |
| Skilled workers required (in USA)                | 0.7x avg |
| Research & development use (in OECD)             | 0.6x avg |
| Research & development use (in UK)               | 0.2x avg |

**Notes:**

Sector defined as HS 4012. Peer countries used are Vietnam, Thailand and Malaysia. n/a = data not available.

Import and export statistics refer to 2015. All other statistics from most recent survey or census available in December 2016.

z-score quintiles are based on normal distribution:  
<-0.85 (very low), -0.85 to -0.25 (low), -0.25 to 0.25 (average), 0.25 to 0.85 (high), >0.85 (very high).

## **Appendix B:**

# **Full index and subindex results**

| Priority rank | Full sectors                                    | Priority indices                   |                         |  |                | Promotional strategy indices       |                                    |  |   |   |  |
|---------------|---|------------------------------------|-------------------------|--|----------------|------------------------------------|------------------------------------|--|---|---|--|
|               |   | 1<br>Impact for Sri Lankan economy | 2<br>Market opportunity | 3<br>Investor interest (direct & indirect) | Priority score | 4<br>Current strength in Sri Lanka | 5<br>Current know-how in Sri Lanka | 6<br>Hard & soft asset competitiveness |  Promote existing & emerging firms |  Target external knowhow & FDI |  Improve required infrastructure & skills |
|               |   | z-score                            |                         |  |                | z-score                            |                                    |  |   |   |  |
| 1             | Electronics                                     | 0.42                               | 1.08                    | 0.31                                       | <b>0.63</b>    | -0.51                              | -0.90                              | 0.25                                   |   | ✓   |  |
| 2             | Industrial machinery and equipment              | 0.68                               | 0.48                    | 0.48                                       | <b>0.55</b>    | -0.54                              | -1.37                              | 0.28                                   |   | ✓   |  |
| 3             | Automotive                                      | 0.60                               | 0.60                    | 0.34                                       | <b>0.52</b>    | -0.61                              | -1.18                              | -0.01                                  |   | ✓   |  |
| 4             | Accommodation and food service (tourism)        | 0.18                               | 0.78                    | 0.44                                       | <b>0.48</b>    | 0.90                               | n/a                                | 1.13                                   | ✓   | ✓   |  |
| 5             | Electrical equipment                            | 0.33                               | 0.54                    | 0.26                                       | <b>0.39</b>    | -0.17                              | -0.66                              | 0.29                                   | ✓   | ✓   |  |
| 6             | Fabricated metal products                       | 0.42                               | 0.16                    | 0.61                                       | <b>0.38</b>    | -0.26                              | -0.63                              | 0.28                                   |   | ✓   |  |
| 7             | Chemical products                               | 0.24                               | 0.69                    | 0.09                                       | <b>0.36</b>    | -0.10                              | -1.05                              | -0.35                                  | ✓   |   | ✓  |
| 8             | Medical products, jewelry, toys, other          | 0.20                               | 0.23                    | 0.27                                       | <b>0.23</b>    | 0.22                               | -0.26                              | 0.40                                   | ✓   | ✓   |  |
| 9             | Food products                                   | -0.25                              | 0.54                    | 0.37                                       | <b>0.23</b>    | 1.02                               | 0.39                               | -0.16                                  | ✓   | ✓   |  |
| 10            | Business administration and support (BPO)       | -0.04                              | 0.61                    | -0.09                                      | <b>0.19</b>    | -0.26                              | n/a                                | 1.06                                   |   | ✓   |  |
| 11            | IT and software development                     | 0.01                               | 0.18                    | 0.33                                       | <b>0.17</b>    | 0.31                               | n/a                                | 0.92                                   | ✓   | ✓   |  |
| 12            | Basic metals                                    | 0.07                               | 0.66                    | -0.37                                      | <b>0.16</b>    | -0.69                              | -1.01                              | -0.28                                  |   |   | ✓  |
| 13            | Cement, ceramics, glass, other mineral products | 0.40                               | -0.08                   | 0.14                                       | <b>0.15</b>    | 0.04                               | -0.50                              | -0.26                                  | ✓   |   | ✓  |
| 14            | Transportation and storage (logistics)          | -0.24                              | 0.45                    | -0.06                                      | <b>0.07</b>    | 0.54                               | n/a                                | 0.92                                   | ✓   | ✓   |  |
| 15            | Finance and insurance                           | 0.13                               | 0.13                    | -0.12                                      | <b>0.06</b>    | 0.33                               | n/a                                | 0.96                                   | ✓   | ✓   |  |
| 16            | Rubber and plastics products                    | -0.08                              | -0.26                   | 0.52                                       | <b>0.04</b>    | 0.52                               | -0.03                              | -0.33                                  | ✓   |   | ✓  |
| 17            | Pharmaceutical products                         | 0.29                               | 0.27                    | -0.54                                      | <b>0.03</b>    | -0.77                              | -1.33                              | -0.22                                  |   | ✓   |  |
| 18            | Refined petroleum and coke products             | -0.22                              | 0.46                    | -0.24                                      | <b>0.02</b>    | -1.14                              | -0.37                              | -0.35                                  |   |   | ✓  |
| 19            | Education                                       | 0.61                               | -0.44                   | -0.07                                      | <b>0.02</b>    | 0.47                               | n/a                                | 1.12                                   | ✓   | ✓   |  |
| 20            | Ships, motorcycles, bicycles, aircraft, rail    | 0.15                               | 0.37                    | -0.58                                      | <b>0.01</b>    | -0.56                              | -0.69                              | 0.06                                   |   | ✓   |  |
| 21            | Wearing apparel                                 | -0.02                              | -0.37                   | 0.49                                       | <b>0.00</b>    | 2.79                               | 2.62                               | 0.30                                   | ✓   | ✓   |  |
| 22            | Footwear, leather, travel goods and related     | -0.03                              | -0.08                   | 0.13                                       | <b>-0.00</b>   | -0.42                              | 0.74                               | -0.08                                  | ✓   | ✓   |  |
| 23            | Paper products                                  | 0.19                               | 0.01                    | -0.27                                      | <b>-0.01</b>   | -0.46                              | -0.76                              | -0.38                                  |   |   | ✓  |
| 24            | Furniture                                       | 0.11                               | -0.36                   | 0.21                                       | <b>-0.03</b>   | -0.23                              | 0.49                               | 0.39                                   | ✓   | ✓   |  |
| 25            | Textiles  | 0.01                               | -0.65                   | 0.42                                       | <b>-0.11</b>   | 0.23                               | 0.50                               | -0.26                                  | ✓   |   | ✓  |
| 26            | Construction                                    | -0.23                              | -0.61                   | 0.28                                       | <b>-0.21</b>   | 0.12                               | n/a                                | 0.88                                   | ✓   | ✓   |  |
| 27            | Wood, cork, and straw products                  | -0.22                              | -0.50                   | -0.21                                      | <b>-0.32</b>   | -0.20                              | 0.71                               | 0.18                                   | ✓   | ✓   |  |
| 28            | Printing and rerecorded media                   | 0.15                               | -1.23                   | -0.13                                      | <b>-0.44</b>   | -0.58                              | 0.06                               | -0.05                                  | ✓   | ✓   |  |
| 29            | Beverages                                       | -0.43                              | -0.95                   | -0.58                                      | <b>-0.67</b>   | -0.53                              | -0.12                              | -0.07                                  | ✓   | ✓   |  |
| 30            | Tobacco products                                | -1.01                              | -1.08                   | -0.79                                      | <b>-0.97</b>   | -0.45                              | 1.05                               | 0.07                                   | ✓   | ✓   |  |

Notes: Covers all tradable economic activities. "Current know-how in Sri Lanka" index not available for service export sectors.

| Priority rank | Full sectors                                    | Priority subindices    |                       |                                   |                        |                             |                             |                          |                         |                                   |                               |
|---------------|---|------------------------|-----------------------|-----------------------------------|------------------------|-----------------------------|-----------------------------|--------------------------|-------------------------|-----------------------------------|-------------------------------|
|               |   | 1.1                    | 1.2                   | 1.3                               | 1.4                    | 2.1                         | 2.2                         | 2.3                      | 3.1                     | 3.2                               | 3.3                           |
|               |   | Job creation potential | Job quality potential | Potential beyond Western Province | New linkages potential | Domestic market opportunity | Regional market opportunity | World market opportunity | Investor interest in SL | Investors' regional market access | Strength in related countries |
| z-score       |   |                        |                       | z-score                           |                        |                             | z-score                     |                          |                         |                                   |                               |
| 1             | Electronics                                     | 0.30                   | 0.93                  | -1.30                             | 1.12                   | -0.06                       | 0.69                        | 1.67                     | -0.49                   | 0.46                              | 1.19                          |
| 2             | Industrial machinery and equipment              | 0.34                   | -0.09                 | -0.70                             | 2.02                   | 0.15                        | 0.48                        | 0.54                     | 0.20                    | 1.31                              | -0.27                         |
| 3             | Automotive                                      | -0.21                  | 0.29                  | 0.17                              | 1.56                   | 0.17                        | 0.13                        | 1.17                     | -0.68                   | 2.16                              | -0.71                         |
| 4             | Accommodation and food service (tourism)        | 0.30                   | -0.54                 | 1.06                              | n/a                    | 0.66                        | 0.35                        | 1.27                     | 1.00                    | n/a                               | 0.27                          |
| 5             | Electrical equipment                            | 0.34                   | 0.07                  | -1.07                             | 1.16                   | -0.08                       | 0.27                        | 0.93                     | -0.23                   | 0.78                              | 0.23                          |
| 6             | Fabricated metal products                       | 0.69                   | -0.39                 | -0.03                             | 0.85                   | 0.21                        | 0.11                        | 0.21                     | 0.35                    | 1.30                              | 0.04                          |
| 7             | Chemical products                               | -0.56                  | 0.46                  | 0.08                              | 0.81                   | 0.34                        | 0.86                        | 0.57                     | 0.17                    | 0.22                              | -0.20                         |
| 8             | Medical products, jewelry, toys, other          | 0.50                   | -0.12                 | 0.07                              | 0.21                   | -0.21                       | 0.12                        | 0.42                     | 0.58                    | -0.07                             | 0.33                          |
| 9             | Food products                                   | -0.37                  | -0.36                 | 0.97                              | -0.72                  | 0.48                        | 0.40                        | 0.69                     | 1.71                    | -0.93                             | 0.30                          |
| 10            | Business administration and support (BPO)       | 0.06                   | 0.17                  | -0.47                             | n/a                    | -0.61                       | 0.55                        | 0.88                     | -0.06                   | n/a                               | -0.23                         |
| 11            | IT and software development                     | 0.27                   | 0.95                  | -1.31                             | n/a                    | 0.35                        | 0.08                        | 0.26                     | -0.01                   | n/a                               | 1.22                          |
| 12            | Basic metals                                    | -0.02                  | -0.24                 | -0.63                             | 0.64                   | 0.08                        | 0.91                        | 0.50                     | -0.63                   | -0.04                             | -0.45                         |
| 13            | Cement, ceramics, glass, other mineral products | 0.14                   | -0.38                 | 1.12                              | 0.62                   | 0.84                        | -0.01                       | -0.31                    | -0.17                   | 0.27                              | 0.38                          |
| 14            | Transportation and storage (logistics)          | -0.41                  | -0.47                 | -0.24                             | n/a                    | 0.31                        | 0.36                        | 0.57                     | 0.08                    | n/a                               | -0.32                         |
| 15            | Finance and insurance                           | -0.26                  | 0.86                  | 0.26                              | n/a                    | 0.43                        | 0.10                        | 0.12                     | 0.03                    | n/a                               | -0.46                         |
| 16            | Rubber and plastics products                    | 0.21                   | -0.39                 | -0.52                             | 0.09                   | 0.06                        | -0.70                       | 0.15                     | 0.23                    | 0.97                              | 0.30                          |
| 17            | Pharmaceutical products                         | -0.27                  | 0.24                  | -0.75                             | 1.25                   | -0.10                       | 0.08                        | 0.52                     | -0.84                   | -0.11                             | -0.71                         |
| 18            | Refined petroleum and coke products             | -1.40                  | 0.82                  | 0.97                              | -0.45                  | 1.20                        | 0.38                        | 0.43                     | -0.52                   | -0.34                             | 0.26                          |
| 19            | Education                                       | 1.62                   | 0.59                  | 0.33                              | n/a                    | n/a                         | 0.08                        | -1.06                    | -0.04                   | n/a                               | -0.20                         |
| 20            | Ships, motorcycles, bicycles, aircraft, rail    | 0.60                   | 0.27                  | -1.20                             | 0.42                   | 2.05                        | 0.21                        | 0.26                     | -0.66                   | -0.50                             | -0.58                         |
| 21            | Wearing apparel                                 | 1.20                   | 0.32                  | 0.38                              | -1.31                  | 0.41                        | -1.13                       | 0.31                     | 0.79                    | -0.09                             | 0.87                          |
| 22            | Footwear, leather, travel goods and related     | 1.09                   | 0.06                  | -0.25                             | -0.81                  | -0.66                       | -0.11                       | 0.04                     | -0.00                   | -0.36                             | 0.97                          |
| 23            | Paper products                                  | 0.49                   | 0.17                  | -0.55                             | 0.34                   | 0.37                        | 0.07                        | -0.11                    | -0.06                   | -0.18                             | -0.66                         |
| 24            | Furniture                                       | 0.66                   | -0.68                 | 0.40                              | -0.05                  | -0.82                       | -0.34                       | -0.31                    | 0.09                    | 0.07                              | 0.57                          |
| 25            | Textiles  | 0.89                   | -0.38                 | -0.09                             | -0.40                  | 1.40                        | -1.01                       | -0.61                    | 0.17                    | 0.35                              | 0.85                          |
| 26            | Construction                                    | -0.23                  | -0.55                 | -0.34                             | n/a                    | -0.79                       | -0.60                       | -0.60                    | 1.02                    | n/a                               | -0.31                         |
| 27            | Wood, cork, and straw products                  | 0.91                   | -0.90                 | -0.00                             | -0.83                  | -0.59                       | -0.37                       | -0.64                    | -0.24                   | -0.66                             | 0.43                          |
| 28            | Printing and recorded media                     | 0.71                   | -0.10                 | -1.00                             | 0.44                   | -1.75                       | -1.18                       | -1.18                    | -0.53                   | 0.26                              | -0.10                         |
| 29            | Beverages                                       | -0.67                  | -0.06                 | -0.34                             | -0.49                  | -0.48                       | -1.18                       | -0.80                    | -0.15                   | -0.87                             | -0.77                         |
| 30            | Tobacco products                                | -1.75                  | 0.43                  | -0.59                             | -1.38                  | -1.58                       | -1.23                       | -0.85                    | -0.96                   | -0.80                             | -0.57                         |

Notes: Covers all tradable economic activities. "New linkages potential" and "investors' regional market access" subindices not available for service export sectors. No import data available for education sector.

| Priority rank | Full sectors                                    | Promotional strategy subindices |       |       |         |         |      | Sector information     |                      |
|---------------|---|---------------------------------|-------|-------|---------|---------|------|------------------------|----------------------|
|               |   | 4.1                             | 4.2   | 4.3   | 5.1     | 6.1     | 6.2  | ISIC code (revision 4) | Main form of exports |
|               |   | z-score                         |       |       | z-score | z-score |      |                        |                      |
| 1             | Electronics                                     | -0.31                           | -0.75 | -0.46 | -0.90   | -0.39   | 0.50 | C26                    | Goods                |
| 2             | Industrial machinery and equipment              | -0.22                           | -0.99 | -0.37 | -1.37   | -0.40   | 0.69 | C28                    | Goods                |
| 3             | Automotive                                      | -0.64                           | -0.64 | -0.53 | -1.18   | -0.32   | 0.61 | C29                    | Goods                |
| 4             | Accommodation and food service (tourism)        | 0.89                            | 1.00  | 0.79  | n/a     | n/a     | 1.13 | I                      | Services             |
| 5             | Electrical equipment                            | -0.06                           | -0.22 | -0.25 | -0.66   | -0.24   | 0.68 | C27                    | Goods                |
| 6             | Fabricated metal products                       | -0.63                           | 0.19  | -0.37 | -0.63   | -0.50   | 0.97 | C25                    | Goods                |
| 7             | Chemical products                               | -0.19                           | 0.07  | -0.20 | -1.05   | -0.64   | 0.68 | C20                    | Goods                |
| 8             | Medical products, jewelry, toys, other          | -0.01                           | 0.16  | 0.58  | -0.26   | -0.26   | 0.78 | C32                    | Goods                |
| 9             | Food products                                   | 0.53                            | 0.91  | 1.77  | 0.39    | -0.39   | 1.00 | C10                    | Goods                |
| 10            | Business administration and support (BPO)       | -0.51                           | -0.28 | 0.09  | n/a     | n/a     | 1.06 | N82                    | Services             |
| 11            | IT and software development                     | 0.47                            | 0.22  | 0.23  | n/a     | n/a     | 0.92 | J62,J63                | Services             |
| 12            | Basic metals                                    | -0.41                           | -1.21 | -0.39 | -1.01   | -0.57   | 0.82 | C24                    | Goods                |
| 13            | Cement, ceramics, glass, other mineral products | -0.11                           | 0.40  | -0.22 | -0.50   | -0.45   | 0.95 | C23                    | Goods                |
| 14            | Transportation and storage (logistics)          | 0.83                            | 0.57  | 0.13  | n/a     | n/a     | 0.92 | H                      | Services             |
| 15            | Finance and insurance                           | 0.20                            | 0.74  | -0.04 | n/a     | n/a     | 0.96 | K                      | Services             |
| 16            | Rubber and plastics products                    | 0.75                            | 0.14  | 0.68  | -0.03   | -0.61   | 0.87 | C22                    | Goods                |
| 17            | Pharmaceutical products                         | -1.04                           | -0.66 | -0.56 | -1.33   | -0.62   | 0.38 | C21                    | Goods                |
| 18            | Refined petroleum and coke products             | -0.42                           | -2.29 | -0.60 | -0.37   | -0.46   | 0.35 | C19                    | Goods                |
| 19            | Education                                       | n/a                             | 1.41  | -0.14 | n/a     | n/a     | 1.12 | P                      | Services             |
| 20            | Ships, motorcycles, bicycles, aircraft, rail    | -0.40                           | -0.82 | -0.42 | -0.69   | -0.27   | 0.54 | C30                    | Goods                |
| 21            | Wearing apparel                                 | 3.73                            | 1.33  | 3.45  | 2.62    | -0.49   | 1.09 | C14                    | Goods                |
| 22            | Footwear, leather, travel goods and related     | -0.47                           | -0.29 | -0.52 | 0.74    | -0.34   | 1.06 | C15                    | Goods                |
| 23            | Paper products                                  | -0.52                           | -0.44 | -0.41 | -0.76   | -0.74   | 1.01 | C17                    | Goods                |
| 24            | Furniture                                       | -0.37                           | 0.12  | -0.49 | 0.49    | -0.27   | 0.98 | C31                    | Goods                |
| 25            | Textiles  | 0.28                            | 0.40  | -0.03 | 0.50    | -0.47   | 1.06 | C13                    | Goods                |
| 26            | Construction                                    | -0.33                           | 0.40  | 0.34  | n/a     | n/a     | 0.88 | F                      | Services             |
| 27            | Wood, cork, and straw products                  | -0.33                           | 0.16  | -0.48 | 0.71    | -0.60   | 1.10 | C16                    | Goods                |
| 28            | Printing and recorded media                     | -1.22                           | 0.05  | -0.58 | 0.06    | -0.65   | 1.09 | C18                    | Goods                |
| 29            | Beverages                                       | -0.47                           | -0.66 | -0.45 | -0.12   | -0.31   | 0.95 | C11                    | Goods                |
| 30            | Tobacco products                                | -0.06                           | -0.74 | -0.58 | 1.05    | -0.17   | 0.85 | C12                    | Goods                |

Notes: Covers all tradable economic activities. "Strength of related products" and "competitiveness of required hard assets" subindices not available for service export sectors. No export data available for education sector.

| Priority rank | Subsectors                                    | Priority indices |       |       |                | Promotional strategy indices |       |       |   |   |   |
|---------------|---|------------------|-------|-------|----------------|------------------------------|-------|-------|---|---|---|
|               |   | 1                | 2     | 3     | Priority score | 4                            | 5     | 6     |  |  |  |
|               |   | z-score          |       |       |                | z-score                      |       |       |   |   |   |
| 1             | Solar panels and cells, transistors, diodes   | 0.20             | 1.00  | 0.30  | <b>0.52</b>    | -0.97                        | -0.36 | 0.21  |   | ✓   |   |
| 2             | Motor vehicle parts and accessories           | 0.11             | 0.99  | 0.15  | <b>0.45</b>    | 0.03                         | -0.58 | 0.03  | ✓   | ✓   |   |
| 3             | Hand tool components                          | 0.53             | 0.13  | 0.41  | <b>0.35</b>    | -0.95                        | -1.07 | 0.31  |   | ✓   |   |
| 4             | Screws, bolts, washers, nuts                  | 0.54             | 0.23  | 0.18  | <b>0.31</b>    | -0.17                        | -0.73 | 0.28  | ✓   | ✓   |   |
| 5             | Medical devices                               | 0.27             | 1.02  | -0.50 | <b>0.31</b>    | -0.47                        | -1.12 | 0.31  |   | ✓   |   |
| 6             | Molding boxes for metal foundry               | 0.60             | 0.17  | 0.14  | <b>0.30</b>    | -0.44                        | -0.72 | 0.35  |   | ✓   |   |
| 7             | Industrial production machines & robots       | 0.34             | 0.58  | -0.16 | <b>0.27</b>    | -0.29                        | -1.07 | 0.31  |   | ✓   |   |
| 8             | Ceramics                                      | -0.09            | 0.50  | 0.34  | <b>0.26</b>    | 0.48                         | -0.07 | -0.21 | ✓   | ✓   |   |
| 9             | Electricity distribution panels               | 0.14             | 0.45  | 0.10  | <b>0.24</b>    | -0.12                        | -0.18 | 0.29  | ✓   | ✓   |   |
| 10            | Valves  | 0.26             | 0.50  | -0.31 | <b>0.18</b>    | -0.45                        | -0.98 | 0.27  |   | ✓   |   |
| 11            | Printed circuits                              | 0.24             | 0.11  | 0.15  | <b>0.17</b>    | -0.02                        | -0.24 | 0.24  | ✓   | ✓   |   |
| 12            | Industrial heating equipment                  | 0.35             | 0.35  | -0.30 | <b>0.16</b>    | -0.70                        | -0.95 | 0.28  |   | ✓   |   |
| 13            | Structural metal products                     | 0.05             | 0.23  | 0.11  | <b>0.13</b>    | 0.02                         | 0.12  | 0.26  | ✓   | ✓   |   |
| 14            | Insulated wires                               | -0.40            | 0.64  | -0.00 | <b>0.10</b>    | 0.17                         | 1.06  | 0.28  | ✓   | ✓   |   |
| 15            | Pumps for liquids                             | 0.22             | 0.23  | -0.33 | <b>0.05</b>    | -0.46                        | -0.92 | 0.29  |   | ✓   |   |
| 16            | Motor vehicle lighting or signaling equipment | 0.18             | 0.27  | -0.54 | <b>-0.00</b>   | -0.42                        | -0.43 | 0.29  |   | ✓   |   |
| 17            | Women's undergarments                         | 0.26             | -1.16 | 1.10  | <b>-0.01</b>   | 1.85                         | 2.31  | 0.30  | ✓   | ✓   |   |
| 18            | Electrical ignition or starting equipment     | 0.10             | -0.18 | 0.08  | <b>-0.01</b>   | -0.16                        | -0.36 | 0.29  | ✓   | ✓   |   |
| 19            | Yachts, motorboats, sailboats                 | 0.45             | -0.12 | -0.56 | <b>-0.06</b>   | -0.17                        | -1.07 | 0.17  | ✓   | ✓   |   |
| 20            | Sugar   | -0.37            | 0.37  | -0.35 | <b>-0.09</b>   | -0.20                        | 1.42  | -0.17 | ✓   | ✓   |   |
| 21            | Agricultural machinery                        | 0.10             | -0.13 | -0.35 | <b>-0.12</b>   | -0.47                        | -0.59 | 0.28  |   | ✓   |   |
| 22            | Brassieres and parts thereof                  | 0.16             | -1.03 | 0.46  | <b>-0.19</b>   | 1.87                         | 2.13  | 0.30  | ✓   | ✓   |   |
| 23            | Essential oils                                | -0.60            | -0.44 | 0.27  | <b>-0.28</b>   | 0.08                         | 1.24  | -0.01 | ✓   | ✓   |   |
| 24            | Gaskets and other rubber articles             | -0.76            | -0.43 | 0.22  | <b>-0.34</b>   | 0.50                         | -0.18 | -0.28 | ✓   |   | ✓   |
| 25            | Cement  | -0.39            | -0.29 | -0.43 | <b>-0.36</b>   | -0.64                        | 1.24  | -0.31 | ✓   |   | ✓   |
| 26            | Bicycles                                      | -0.34            | -0.48 | -0.26 | <b>-0.37</b>   | 0.28                         | 0.53  | 0.17  | ✓   | ✓   |   |
| 27            | Fruit and nut preparations (coconut milk)     | -0.77            | -0.78 | 0.11  | <b>-0.51</b>   | 0.19                         | 1.24  | -0.22 | ✓   | ✓   |   |
| 28            | Activated carbon                              | -0.57            | -1.45 | 0.07  | <b>-0.70</b>   | 0.33                         | 0.53  | -0.27 | ✓   |   | ✓   |
| 29            | Solid Tyres                                   | -0.80            | -1.29 | -0.10 | <b>-0.77</b>   | 1.31                         | -0.18 | -0.39 | ✓   |   | ✓   |

Note: Covers the 29 subsectors studied so far; these are meant to be a representative sample of economic activities, including those judged to be of special interest or high potential.

| Priority rank | Subsectors                                    | Priority subindices    |                       |                                   |                        |                             |                             |                          |                         |                                   |                               |
|---------------|---|------------------------|-----------------------|-----------------------------------|------------------------|-----------------------------|-----------------------------|--------------------------|-------------------------|-----------------------------------|-------------------------------|
|               |   | 1.1                    | 1.2                   | 1.3                               | 1.4                    | 2.1                         | 2.2                         | 2.3                      | 3.1                     | 3.2                               | 3.3                           |
|               |   | Job creation potential | Job quality potential | Potential beyond Western Province | New linkages potential | Domestic market opportunity | Regional market opportunity | World market opportunity | Investor interest in SL | Investors' regional market access | Strength in related countries |
|               |   | z-score                |                       |                                   |                        | z-score                     |                             |                          | z-score                 |                                   |                               |
| 1             | Solar panels and cells, transistors, diodes   | 0.19                   | 0.21                  | -0.16                             | 0.39                   | -0.23                       | 1.12                        | 1.07                     | -0.53                   | 0.34                              | 1.36                          |
| 2             | Motor vehicle parts and accessories           | -0.61                  | 0.31                  | -0.47                             | 0.84                   | 0.56                        | 0.40                        | 1.69                     | 0.08                    | 0.76                              | -0.56                         |
| 3             | Hand tool components                          | 0.50                   | 0.04                  | -0.40                             | 1.25                   | -0.44                       | 0.47                        | -0.13                    | -0.23                   | 1.76                              | -0.53                         |
| 4             | Screws, bolts, washers, nuts                  | 0.57                   | -0.38                 | -0.05                             | 1.26                   | -0.38                       | 0.34                        | 0.21                     | -0.36                   | 0.98                              | -0.19                         |
| 5             | Medical devices                               | 0.40                   | -0.07                 | -0.49                             | 0.72                   | 0.65                        | 0.51                        | 1.62                     | -0.48                   | -0.38                             | -0.67                         |
| 6             | Molding boxes for metal foundry               | 0.69                   | -0.27                 | 0.49                              | 1.01                   | 0.01                        | 0.78                        | -0.45                    | -0.31                   | 0.76                              | -0.09                         |
| 7             | Industrial production machines & robots       | 0.08                   | -0.02                 | -0.83                             | 1.30                   | 0.38                        | 0.47                        | 0.72                     | -0.42                   | 0.38                              | -0.55                         |
| 8             | Ceramics                                      | -0.06                  | -0.65                 | 0.69                              | -0.22                  | 0.78                        | 0.35                        | 0.61                     | 0.61                    | 0.06                              | 0.36                          |
| 9             | Electricity distribution panels               | 0.01                   | 0.80                  | -0.66                             | 0.31                   | -0.02                       | 0.41                        | 0.57                     | 0.25                    | 0.15                              | -0.18                         |
| 10            | Valves  | -0.05                  | -0.20                 | -0.80                             | 1.24                   | 0.24                        | 0.32                        | 0.74                     | -0.59                   | -0.09                             | -0.21                         |
| 11            | Printed circuits                              | -0.03                  | 1.18                  | -0.73                             | 0.45                   | -0.32                       | 0.11                        | 0.19                     | 0.41                    | -0.08                             | 0.13                          |
| 12            | Industrial heating equipment                  | -0.25                  | 0.02                  | -0.07                             | 1.17                   | -0.14                       | 0.66                        | 0.11                     | -0.59                   | 0.00                              | -0.33                         |
| 13            | Structural metal products                     | 0.72                   | -0.51                 | -0.18                             | -0.05                  | 1.10                        | 0.04                        | 0.29                     | 0.44                    | -0.34                             | 0.26                          |
| 14            | Insulated wires                               | -0.36                  | 0.26                  | -0.05                             | -0.94                  | 0.08                        | 0.39                        | 0.99                     | 0.04                    | 0.08                              | -0.18                         |
| 15            | Pumps for liquids                             | -0.05                  | -0.05                 | -0.80                             | 1.05                   | 0.00                        | 0.32                        | 0.16                     | -0.53                   | -0.01                             | -0.50                         |
| 16            | Motor vehicle lighting or signaling equipment | 0.06                   | 0.09                  | -0.81                             | 0.82                   | -0.24                       | 0.38                        | 0.22                     | -1.14                   | -0.06                             | -0.37                         |
| 17            | Women's undergarments                         | 1.68                   | 0.18                  | 1.03                              | -1.15                  | -0.84                       | -1.77                       | -0.57                    | 2.45                    | -0.30                             | 1.17                          |
| 18            | Electrical ignition or starting equipment     | 0.11                   | 0.07                  | -0.66                             | 0.49                   | -0.97                       | 0.45                        | -0.72                    | -0.53                   | 1.10                              | -0.47                         |
| 19            | Yachts, motorboats, sailboats                 | 1.24                   | 0.13                  | -0.47                             | 0.49                   | -1.59                       | -0.30                       | 0.32                     | -0.50                   | -0.28                             | -1.03                         |
| 20            | Sugar   | -0.90                  | -0.41                 | 2.53                              | -1.41                  | 0.98                        | 0.45                        | 0.18                     | -0.35                   | -1.07                             | 0.60                          |
| 21            | Agricultural machinery                        | 0.17                   | -0.28                 | -0.09                             | 0.33                   | 0.11                        | -0.23                       | -0.07                    | -0.63                   | 0.01                              | -0.47                         |
| 22            | Brassieres and parts thereof                  | 1.68                   | 0.17                  | 0.49                              | -1.15                  | 0.35                        | -1.60                       | -0.64                    | 1.26                    | -0.45                             | 0.59                          |
| 23            | Essential oils                                | -1.49                  | 0.57                  | 0.67                              | -1.15                  | -0.49                       | 0.27                        | -1.18                    | 0.78                    | -0.71                             | 0.92                          |
| 24            | Gaskets and other rubber articles             | -0.45                  | -0.62                 | -0.60                             | -1.15                  | -0.09                       | -0.65                       | -0.25                    | 0.42                    | 0.36                              | -0.24                         |
| 25            | Cement  | -0.93                  | -0.15                 | 1.96                              | -1.27                  | 2.55                        | -0.26                       | -0.80                    | -0.40                   | -0.96                             | 0.25                          |
| 26            | Bicycles                                      | 0.90                   | -0.07                 | -0.84                             | -1.15                  | -0.24                       | -0.43                       | -0.57                    | -0.37                   | -0.55                             | 0.28                          |
| 27            | Fruit and nut preparations (coconut milk)     | -1.72                  | -0.60                 | 1.26                              | -1.15                  | -0.53                       | -1.11                       | -0.47                    | 1.20                    | -1.00                             | 0.13                          |
| 28            | Activated carbon                              | -1.49                  | 0.58                  | 0.85                              | -1.15                  | -0.07                       | -0.37                       | -2.82                    | -0.22                   | -0.04                             | 0.62                          |
| 29            | Solid Tyres                                   | -0.63                  | -0.33                 | -0.82                             | -1.15                  | -1.20                       | -1.53                       | -1.05                    | 0.22                    | -0.43                             | -0.10                         |

Note: Covers the 29 subsectors studied so far; these are meant to be a representative sample of economic activities, including those judged to be of special interest or high potential.

| Priority rank | Subsectors                                    | Promotional strategy subindices |       |       |         |         |      | Sector information          |                                    |
|---------------|---|---------------------------------|-------|-------|---------|---------|------|-----------------------------|------------------------------------|
|               |   | 4.1                             | 4.2   | 4.3   | 5.1     | 6.1     | 6.2  | Harmonized System (HS) code | Associated full sector (ISIC code) |
|               |   | z-score                         |       |       | z-score | z-score |      |                             |                                    |
| 1             | Solar panels and cells, transistors, diodes   | -0.59                           | -1.74 | -0.49 | -0.36   | -0.11   | 0.69 | 8541                        | C26                                |
| 2             | Motor vehicle parts and accessories           | -0.21                           | 0.63  | -0.43 | -0.58   | -0.32   | 0.63 | 8708                        | C29                                |
| 3             | Hand tool components                          | -0.22                           | -2.13 | -0.39 | -1.07   | -0.40   | 0.84 | 8207                        | C25                                |
| 4             | Screws, bolts, washers, nuts                  | -0.44                           | 0.34  | -0.47 | -0.73   | -0.50   | 0.88 | 7318                        | C25                                |
| 5             | Medical devices                               | -0.25                           | -0.65 | -0.51 | -1.12   | -0.24   | 0.49 | 9018, 9019, 9021, 9022      | C32                                |
| 6             | Molding boxes for metal foundry               | -0.29                           | -0.63 | -0.40 | -0.72   | -0.40   | 0.84 | 8480                        | C25                                |
| 7             | Industrial production machines & robots       | -0.32                           | -0.13 | -0.44 | -1.07   | -0.40   | 0.66 | 8479                        | C28                                |
| 8             | Ceramics                                      | 0.08                            | 1.11  | 0.18  | -0.07   | -0.42   | 0.92 | 69                          | C23                                |
| 9             | Electricity distribution panels               | 0.03                            | -0.23 | -0.18 | -0.18   | -0.24   | 0.69 | 8537                        | C27                                |
| 10            | Valves  | -0.55                           | -0.28 | -0.52 | -0.98   | -0.40   | 0.75 | 8481                        | C28                                |
| 11            | Printed circuits                              | -0.35                           | 0.63  | -0.43 | -0.24   | -0.39   | 0.47 | 8534                        | C26                                |
| 12            | Industrial heating equipment                  | -0.36                           | -1.21 | -0.49 | -0.95   | -0.40   | 0.69 | 8419                        | C28                                |
| 13            | Structural metal products                     | -0.34                           | 0.67  | -0.35 | 0.12    | -0.51   | 0.88 | 7308                        | C25                                |
| 14            | Insulated wires                               | 0.16                            | 0.20  | 0.14  | 1.06    | -0.24   | 0.68 | 8544                        | C27                                |
| 15            | Pumps for liquids                             | -0.59                           | -0.28 | -0.52 | -0.92   | -0.40   | 0.70 | 8413                        | C28                                |
| 16            | Motor vehicle lighting or signaling equipment | -1.02                           | 0.29  | -0.55 | -0.43   | -0.24   | 0.69 | 8512                        | C29                                |
| 17            | Women's undergarments                         | 1.50                            | 1.03  | 3.31  | 2.31    | -0.49   | 1.09 | 6108                        | C14                                |
| 18            | Electrical ignition or starting equipment     | -0.54                           | 0.49  | -0.49 | -0.36   | -0.40   | 0.74 | 8511                        | C29                                |
| 19            | Yachts, motorboats, sailboats                 | -0.09                           | -0.05 | -0.44 | -1.07   | -0.15   | 0.80 | 8903                        | C30                                |
| 20            | Sugar   | -0.58                           | 0.41  | -0.49 | 1.42    | -0.64   | 1.00 | 1701                        | C10                                |
| 21            | Agricultural machinery                        | -0.78                           | -0.13 | -0.51 | -0.59   | -0.40   | 0.73 | 8432, 8433                  | C28                                |
| 22            | Brassieres and parts thereof                  | 1.99                            | 1.03  | 2.76  | 2.13    | -0.49   | 1.09 | 6212                        | C14                                |
| 23            | Essential oils                                | 0.28                            | -0.04 | -0.02 | 1.24    | -0.36   | 0.72 | 3301                        | C20                                |
| 24            | Gaskets and other rubber articles             | 0.23                            | 0.66  | 0.65  | -0.18   | -0.56   | 0.82 | 4016                        | C22                                |
| 25            | Cement  | -0.99                           | -0.37 | -0.52 | 1.24    | -0.53   | 0.98 | 2523                        | C23                                |
| 26            | Bicycles                                      | 0.83                            | -0.01 | -0.05 | 0.53    | -0.20   | 0.77 | 8712                        | C30                                |
| 27            | Fruit and nut preparations (coconut milk)     | 0.17                            | 0.07  | 0.36  | 1.24    | -0.64   | 0.96 | 2008                        | C10                                |
| 28            | Activated carbon                              | 0.76                            | 0.08  | 0.11  | 0.53    | -0.61   | 0.65 | 3802                        | C20                                |
| 29            | Solid Tyres                                   | 2.48                            | 0.23  | 1.20  | -0.18   | -0.83   | 0.84 | 4012                        | C22                                |

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