

CHAPTER III

FOREIGN TRADE OF SRILANKA

Srilanka being an Island developing Country has been regarded as one of the Most Seriously Affected Countries (MSAs) by the UN - General Assembly in 1974¹. She has been characterised by her low - per capita income, sharp increase in the import cost of essentials relative to export earnings, comparative inelasticity of export incomes and unavailability of exportable surplus. As an Island developing country she suffers from some acute problems like low-resource endowment, natural disaster, low level of foreign exchange reserves, adverse impact of higher transportation and transit costs and a higher dependence on foreign imports.²

All these problems coupled with the ethnic conflict crept out in the recent years made the economy vulnerably incompetent in the external markets. Her exports as percentage to world exports, on average, for the reference period of 1977 to 1987 was only 0.06 percent as revealed in Table-3.1. Such percentage share, (on average) for her imports was slightly high earlier but not more than 0.09 percent. Her trade - turnover as percentage to world trade - turnover for the period, (on average) was registered by only 0.08 percent. This has made her a mere price - taker in the international trade transactions like most of the other LDCs - who suffers from severe price fluctuations for their export earnings and deteriorations in their terms of trade during the period under study.

She had a positive trade balance only in 1977, value being 655 million rupees (in dollar terms it was 60 million US \$) as shown in Table-3.2. From 1978 to 1980, her balance of trade had shown an increasing trend due to higher values of imports in comparison to her exports. Thereafter, her export performance has improved and her adverse balances of trade from 1981 to 1984 had shown in a declining trend. Thereafter, her adverse trade balances start rising upto 1987 due to increase in imports. thus, the average adverse balance of trade for the 11 years from 1977 to 1987 stood as 12,117 million rupees. (In dollar terms it is 570 million US dollars).

The trade liberalisation-regime during the period in Srilanka helped to a great extent in developing an open economy. Her exports to GDP(on average) during the period was 23.25 percent as has been shown in Table3.3. Share of such imports stood as high as 34.44 percent(on average) during the same reference period. Thus, some 57.69 percent of the GDP(on average) during same reference period was covered by trade turnover in Srilanka. In this relationship within the economy had registered growth rates of 17.7 percent, 23.2 percent and 20.6 percent respectively for her exports, imports and trade turnover, vis-a-vis the growth rate of GDP at 16 percent.

To have an indepth study into the performances in export and import sectors and her balance of trade position, composition of exports and imports and also direction of trade will be discussed in the following pages.

Table-3.1

Srilanka's share in World Trade: 1977-1987(values in million of US Dollars)

Year	World Exports	World Imports	World Trade turn-over	Srilanka's Exports	Srilanka's Imports	Srilanka's Trade turnover	Srilanka's Exports as % to world Exports	Srilanka's Imports as % to world Imports	Srilanka's Trade turn-over as % to world Trade Turn over
(1)	(2)	(3)	(4) (2+3)	(5)	(6)	(7) (5+6)	(8)	(9)	(10)
1977	1043500	1071100	2114600	725.2	656.3	1381.5	0.07	0.06	0.06
1978	1203200	1246333	2449200	873.8	963.7	1837.5	0.07	0.08	0.08
1979	1525800	1568300	3094100	978.1	1449.0	2427.1	0.06	0.09	0.08
1980	1867300	1927400	3794700	1039.1	2035.1	3074.2	0.06	0.11	0.08
1981	1832800	1906700	3739500	1023.8	1856.6	2880.4	0.06	0.10	0.08
1982	1702100	1796700	3498800	1033.0	1812.9	2845.9	0.06	0.10	0.08
1983	1678400	1736400	3414800	1053.8	1794.8	2848.6	0.06	0.10	0.08
1984	1778300	1848100	3626400	1435.6	1845.6	3281.2	0.08	0.10	0.09
1985	1795100	1892400	3687500	1264.9	1831.8	3096.7	0.07	0.10	0.08
1986	1992500	2079600	4072100	1162.7	1829.4	2992.1	0.06	0.09	0.07
1987	2353300	2433000	4786300	1334.3	2056.4	3390.7	0.06	0.08	0.07
						<u>Average</u>	<u>0.06</u>	<u>0.09</u>	<u>0.08</u>

Source: IMF - Direction of Trade Statistics Year Book(various issues).

Table-3.2Balance of Trade Position of Srilanka: 1977-1987

<u>Value in Million</u> <u>rupees :</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Average</u>
Imports (c.i.f.)	5983	14687	22560	33637	35530	36876	42020	46913	49069	51282	59750	
Exports(f.o.b.)	6638	13206	15286	17388	20199	21124	25183	37006	35035	34092	39861	
Balance	655	-1481	-7274	-16249	-15331	-15752	-16837	-9907	-14034	-17190	-19889	-12117
<u>Value in million</u> <u>US Dollars:</u>												
Imports(c.i.f.)	703	940	1448	2035	1849	1771	1787	1845	1874	1793	2029	
Exports(f.o.b.)	763	846	981	1042	1044	1015	1066	1454	1191	1099	1302	
Balance	60	-90	-467	-993	-805	-756	-721	-391	-683	-694	-727	-570

Source: - UN Statistical Year Book for Asia and the Pacific: 1988 & 1991.

Table-3.3

Share of Exports, Imports and Trade Turn-over in GDP in Srilanka

Year	Exports (million Rs.)	Imports (million Rs.)	Trade Turn Over(million Rs.) (2+3) (4)	GDP (million Rs.) (5)	Exports to GDP(%) (6)	Imports to GDP(%) (7)	Trade Turn over to GDP (%) (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1977	6638	5983	12621	36912	17.98	16.21	34.19
1978	13206	14687	27893	44562	29.63	32.96	62.59
1979	15286	22560	37846	54920	27.83	41.08	68.91
1980	17388	33637	51025	68388	25.42	49.18	74.61
1981	20199	35530	55729	84527	23.90	42.03	65.93
1982	21124	36876	58000	97528	21.66	37.81	59.47
1983	25183	42020	67203	119202	21.12	35.25	56.38
1984	37006	46913	83919	147344	25.11	31.84	56.95
1985	35035	49069	84104	157763	22.21	31.10	53.31
1986	34092	51282	85374	172440	19.77	29.73	49.51
1987	39861	59750	99611	188822	21.11	31.64	52.75
Average	<u>24092</u>	<u>36209</u>	<u>60302</u>	<u>106582</u>	<u>23.25</u>	<u>34.44</u>	<u>57.69</u>
Growth rate(g)	<u>17.7</u>	<u>23.2</u>	<u>20.6</u>	<u>16.0</u>			

Source: i) UN Statistical Year Book for Asia and the Pacific - 1988 & 1991.
 ii) IMF - Exchange Arrangements, and Exchange Restrictions, Annual Report-1989.

Composition of Exports:

It is reported that half of the LDCs of the World earn over 50 percent of their export receipts from a single commodity and about 75 percent of them earn 60 percent or more of their export receipts from no more than three primary products.³ In case of Srilanka, such primary products are Tea, Rubber and Coconut.⁴

The degree of commodity concentration of Exports and Imports of Srilanka as measured by Gini-Hirschman Co-efficient of concentration has been shown in Table-3.4.

The Co-efficients of Commodity - Concentration of exports and imports are, however, defined as follows:⁵

$$1. \quad C_{xt} = 100 \sqrt{\sum_{i=1}^n (x_{it}/x_t)^2}$$

Where C_{xt} = Co-efficient of commodity concentration exports.

x_{it} = Value of exports of commodity 'i' in year 't'.

x_t = Total export earnings during year 't'.

$$ii. \quad C_{mt} = 100 \sqrt{\sum_{i=1}^n (m_{it}/m_t)^2}$$

Where, C_{mt} = Co-efficient of Commodity Concentration of imports.

m_{it} = Value of imports of Commodity 'i' in year 't'.

M_t = Total import payments - during year 't'.

If the export or import consist of only one commodity, the value of these co-efficient will be the highest at 100, the lowest value of either co-efficient will be $100/\sqrt{n}$, where 'n' is the number of the classified commodities recognised.

It is evident from table-3.4 that the commodity concentration of Srilanka's exports by 1-digit-SITC varied between the highest at 67.87 in 1977 and the lowest at 34.10 in 1986 as against the maximum and minimum possible values of 100 and 31.64 respectively. It indicates a gradual diversification in the composition of Srilanka's exports.

On the other hand, her commodity concentration of imports by 1-digit SITC varied the highest at 57.98 in 1987 and the lowest at 42.88 in 1985 as against the same maximum and minimum possible values.

The gaps in the commodity concentration of exports and imports as measured by the ratio C_x/C_m are found comparatively low in the late years from 1986 and 1987 indicating some positive developments in industrialisation and diversification of the economy as well.

As regards to the primary and Manufacture exports of Srilanka during the reference period of 1977 to 1987, it is found from Table-3.5 that 73.4 percent of her average exports were of primary goods. So the average share of her exports of manufacturers were only of 24.7 percent.

The composition of exports at the aggregate 1-digit SITC level as shown in Table-3.6 reveals that "Food and live

animals(SITC-0)" is the main export category having the highest percentage share (on average) of 46.6 percent during the period. But it shows an almost declining tendency over years. The Second highest share in exports were found for "Crude materials inedible, except fuel(SITC-2)". Its average share for the period was 16.8 percent with a declining trend. The third important export category was the "Miscellaneous manufactured articles (SITC-8)" with average share of 16.5 percent. It has, however, shown a most promising increasing trend over the same reference period. With its lowest percentage share of 2.4 percent in 1977 it has reached through an uninterrupted increase to the highest at 29.7 percent share in 1987. The other two important export categories were the "Mineral fuels, lubricants and related materials (SITC-3)" and "Manufactured goods classified by materials (SITC-6)" with average share of 9.3 percent and 5.6 percent respectively. The remaining export categories by 1-digit SITC have shown very low percentage shares.

Table-3.4

Commodity Concentration of Srilanka's Exports
and Imports by 1-digit SITC.

<u>Year</u>	<u>cx</u>	<u>cm</u>	<u>cx/cm</u>
1977	67.87	48.81	1.39
1978	66.25	44.96	1.47
1979	55.89	44.04	1.27
1980	53.88	44.70	1.20
1981	52.12	44.04	1.18
1982	50.34	46.15	1.09
1983	52.04	44.56	1.17
1984	57.42	43.98	1.30
1985	51.97	42.88	1.21
1986	34.10	44.09	0.77
1987	50.66	57.98	0.87

Max. = 100

Min. = 31.64

Source: UN Statistical Year Book for Asia and
the pacific.

Table-3.5

Srilanka's Primary and Manufactured goods Exports :
1977-1987(in %)

<u>Year</u>	<u>Primary Goods Exports(SITC:0-4)</u>	<u>Manufactured Goods Exports(SITC:5-8)</u>
1977	87.2	5.8
1978	92.0	7.6
1979	86.9	12.8
1980	83.6	16.1
1981	77.8	21.8
1982	73.5	26.1
1983	71.8	27.9
1984	72.8	27.0
1985	67.5	32.1
1986	56.9	42.9
1987	48.3	51.5
<hr/> Average	<hr/> 73.4	<hr/> 24.7

Source: UN Statistical Year Book for Asia and the Pacific 1988 & 1991.

Table-3.6

Srilanka's Exports by SITC Sections(in %) : 1977-1987

SITC Code	Description	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Av.
0	Food and live animal	63.6	60.9	49.1	45.3	43.7	41.7	43.7	50.9	43.1	35.8	34.6	46.6
1	Beverages and Tobacco	.2	.2	.5	.3	.4	.2	.2	.2	-	-	.3	0.3
2	Crude materials, inedible, except fuel.	22.3	24.7	21.4	19.8	18.5	16.0	15.1	11.8	11.0	12.1	12.5	16.8
3	Minerals fuels, lubricants and related materials	.4	6.0	12.5	17.9	14.2	13.9	10.9	9.0	10.7	6.9	.3	9.3
4	Animal and Vegetable oils & fats.	.7	.2	3.4	.3	1.0	1.7	1.9	.9	2.7	2.1	.6	1.4
5	Chemicals -	2.4	1.7	.5	.5	.5	1.1	.6	.5	.8	.8	2.3	1.1
6	Manufactured goods classified by materials	.8	1.0	4.5	4.3	3.5	5.7	5.9	3.6	5.2	9.5	17.8	5.6
7	Machinery and Transport equipments	.2	.2	.3	.6	2.5	2.0	1.3	1.4	2.6	3.3	1.7	1.5
8	Misc.manufactures articles.	2.4	4.7	7.5	10.7	15.3	17.3	20.1	21.5	23.5	29.3	29.7	16.5
9	Misc. Transactions & commodities, n.c.s.	6.8	.1	.1	.1	.1	.1	.1	.1	-	-	-	0.9

Source: UN Statistical year Book for Asia and the pacific 1988 & 1991.

UNCTAD estimates relating to Srilanka's export structure by main categories and by selected commodity group have been presented in Table-3.7 and Table-3.8. From table 3.7, it is noted that the export category of "All food items" have the highest export share in her total exports to world at 3-digit SITC level. The average share of this particular export category for the period 1977 to 1987 (on average) was as high as 52.18 percent. The second highest export category at 23.87 percent (on average) was of "Manufactured goods". Of the 23.87 percent average manufactured goods export of "other manufactured goods (SITC-6+8 less 68)" has the maximum share of 21.72 percent (on average). The other two most important main categories of exports were "Agricultural raw materials" and "Fuels" with average percentage shares of 14.32 percent and 9.33 percent respectively.

The export structure by Selected Commodity group as shown in table-3.8 that only two Selected commodity groups, viz, "Textile fibres, yarn and clothing" and "petroleum products" have shown the higher average percentage shares for the same reference period of 1977 to 1987 as 18.53 percent and 8.65 percent respectively. The "Textile fibres, yarn and clothing" exports have shown a continuous increasing trend throughout the period. Whereas, the export of "petroleum products" have shown a slow increasing trend from 1977 to 1980 and thereafter it's decline is sharp from 15.40 percent in 1980 to 4.90 percent in 1987. The other Selected Commodity groups as presented in table-3.8 have a small percentage share of less than unity.

Table-3.7

Export structure of Sri Lanka by main Categories (in %): 1977-1987

Year	SITC(3 digit Level) Total value (milli- (on of dollar)	All food items 0+1+22+4	Agricul- tural raw materials less(22+27 + 28)	Fuels (3)	Ores & Metals (27+28 68)	Manufac- tured goods 5 to 8 less (-68)	Of which:			Unallo- cated
							Chemical products (5)	Other mfgd. goods(6+8) less 68	Machinery equipment (7)	
1977	760.3	65.21	16.78	0.38	4.96	5.87	2.43	3.24	0.19	6.80
1978	843.9	63.75	17.98	5.88	4.80	7.46	1.66	5.61	0.18	0.14
1979	977.7	54.25	19.39	9.69	4.15	12.41	3.39	8.77	0.26	0.10
1980	1043.0	47.00	18.10	17.90	20.80	16.00	0.60	15.10	0.40	0.10
1981	1007.5	47.51	17.14	12.88	0.82	21.54	1.81	19.26	0.47	0.12
1982	994.8	46.00	13.90	13.14	0.86	26.03	2.20	23.27	0.56	0.07
1983	1051.8	47.10	13.80	9.31	0.81	28.90	1.98	26.22	0.70	0.08
1984	1435.5	52.84	10.78	8.79	0.91	26.60	0.82	25.24	0.54	0.68
1985	1246.2	47.40	9.80	11.00	1.10	30.60	0.80	29.30	0.60	0.10
1986	1159.2	39.40	10.50	7.00	1.60	41.40	0.90	39.70	0.80	0.10
1987	1328.0	36.50	9.40	6.70	1.30	45.80	0.90	43.20	1.70	0.40
<u>Average</u>	<u>1077.08</u>	<u>52.18</u>	<u>14.32</u>	<u>9.33</u>	<u>2.01</u>	<u>23.87</u>	<u>1.59</u>	<u>21.72</u>	<u>0.58</u>	<u>0.79</u>

Source: UNCTAD - Hand Book of International Trade and Development Statistics
(various issues)

Table-3.8

Export Structure of Sri Lanka by Selected Commodity Group(in %): 1977-1987

Year	Cereals 04	Crude & mfd.fer-tilizers 271+56	Crude Petro- lium 331	Petroleum products 332	Medical & pharmaceu- tical pro- ducts 54	Textile Fibres yarn & clothing 26+65+84	Metal & metal manu- factures 67+68+69	Machinery		Trans- port- equipment 73
								Non Electrical 71	Elec- trical 72	
1977	0.48	0.00	0.00	0.38	0.01	4.30	0.03	0.08	0.03	0.07
1978	0.22	0.01	0.00	5.88	0.01	5.57	0.04	0.13	0.02	0.04
1979	0.18	0.00	0.01	9.68	0.02	9.40	0.05	0.13	0.01	0.11
1980	n.a	n.a.	n.a.	15.40	n.a.	12.90	0.10	0.20	0.10	0.20
1981	0.04	0.00	0.00	12.87	0.01	17.54	0.07	0.19	0.15	0.13
1982	0.02	0.69	0.00	13.14	0.03	18.94	0.11	0.23	0.22	0.11
1983	0.04	0.01	0.00	9.31	0.05	21.25	0.25	0.21	0.30	0.18
1984	0.03	0.00	0.00	8.79	0.02	22.23	0.19	0.27	0.13	0.15
1985	n.a.	n.a.	n.a.	9.00	n.a.	25.10	0.30	0.04	0.10	0.10
1986	n.a.	n.a.	n.a.	5.80	n.a.	31.50	0.40	0.05	0.10	0.10
1987	n.a.	n.a.	n.a.	4.90	n.a.	35.10	0.50	0.03	0.20	0.10
<u>Average</u>	<u>0.14</u>	<u>0.101</u>	<u>0.0014</u>	<u>8.65</u>	<u>0.021</u>	<u>18.53</u>	<u>0.185</u>	<u>0.207</u>	<u>0.123</u>	<u>0.117</u>

Source: UNCTAD - Hand Book of International Trade and Development Statistics(various issues)

Note: n.a. = not available

Composition of Imports

Imports of a country depend on the developmental needs within the economy. Srilanka being a developing country depends to a large extent on external supplies of primary and manufactured goods. During the reference period of 1977 to 1987 imports of 52.5 percent (on average) were manufactured goods. And 46.7 percent of her imports (on average) during the same reference period were primary goods as shown in Table-3.9. A break-up of her imports structure at 1-digit SITC level has been depicted in Table-3.10. It shows that the "Machinery and transport equipments(SITC-7)" has the highest share of her imports (on average) being 24.5 percent. The imports of "Mineral fuels, lubricants, related materials(SITC-3)" have the Second highest average import share of 23.1 percent. The Third highest average import share is noted for the imports of "Food and live animals(SITC-0)". Its average import share is so high as 20.8 percent. "Manufactured goods classified by materials(SITC-6)" has shown the fourth highest average share of 19.4 percent. The other imports have comparatively small percentage shares. So it reflects the stages of economic and industrial developments within the period concerned. To confirm the proposition we may have an over-view on the UNCTAD estimates presented in Table-3.11 and Table-3.12.

From the Table-3.11 it is noticed that the highest 55.17 percent of Srilanka's imports (on average) from 1979 to

1987 were of "Manufactured goods". Of the manufactured goods "Machinery equipments" and "other manufactured goods" have almost the same average percentage shares of 23.36 percent and 23.22 percent respectively. "Fuel" constitutes the Second highest average percentage share of 21.47 percent in her total import structure during the period. The Third main is "All food" whose average percentage share was found as at 18.29 percent.

As regards her import structure by Selected Commodity group the following five commodity groups, viz., (i) "Crude Petroleum", (ii) "Textile fibres, yarn and clothing", (iii) "Non-electric machinery", (iv) "Transport equipment", and (v) "Cereals" are found most important importables. Their average percentage of shares from 1979 to 1987 were to the tune of 17.93 percent, 11.06 percent, 9.70 percent, 7.84 percent and 7.72 percent respectively. The other groups of imports have comparatively lower percentage shares.

Table-3.9

Srilanka's primary and Manufactured Goods Imports: 1977-1987

(in %)

<u>Year</u>	<u>Primary Goods</u> <u>Imports</u> (SITC: 0-4)	<u>Manufactured</u> <u>Goods Imports</u> (SITC: 5-8)
1977	66.4	32.4
1978	49.3	49.6
1979	43.3	55.8
1980	46.3	53.2
1981	46.4	53.2
1982	45.9	53.5
1983	43.0	56.5
1984	42.9	56.5
1985	44.2	55.3
1986	32.3	67.4
1987	54.0	44.2
<u>Average</u>	<u>46.7</u>	<u>52.5</u>

Source: UN Statistical Year Book for Asia and the
Pacific - 1988 & 1991.

Table-3.10

Srilanka's Imports by SITC Sections(in %) : 1977 to 1987

SITC Code	Description	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Av.
0 -	Food and live animals	39.0	29.2	22.7	20.0	18.9	12.2	16.4	14.0	19.0	16.8	20.5	20.8
1-	Beverages and Tobacco	0.3	0.3	0.2	0.2	0.2	0.3	0.3	0.4	0.3	0.4	1.1	0.4
2-	Crude materials, inedible, except fuel -	2.4	3.2	2.6	1.6	2.0	1.9	2.1	2.0	2.5	2.0	-	2.2
3-	Mineral fuels, lubricants, related materials	24.1	16.5	17.5	24.3	25.0	31.3	23.8	25.7	21.8	12.6	31.2	23.1
4-	Animal and Vegetable oils and fats.	0.6	0.1	0.3	0.2	0.3	0.2	0.4	0.8	0.6	0.5	1.2	0.5
5-	Chemicals	6.5	7.8	8.4	8.3	8.3	6.8	6.7	8.3	9.1	11.1	-	8.1
6-	Manufactured goods classified by materials	12.7	15.8	20.3	17.4	18.9	19.1	19.8	19.7	21.7	28.9	-	19.4
7-	Machinery and transport equipments.	12.0	23.8	24.8	24.9	22.7	23.7	26.2	24.3	20.6	22.6	44.2	24.5
8-	Miscellaneous manufactures articles-	1.2	2.2	2.3	2.6	3.3	3.9	3.8	4.2	3.9	4.8	-	3.2
9-	Misc. Transactions and commodities n.e.s.	1.3	0.9	0.7	0.3	0.4	0.3	0.3	0.4	0.4	0.1	1.6	0.6

Source: UN Statistical Year Book for Asia and the Pacific - 1988 & 1991.

Table-3.11

Imports structure of Sri Lanka by Main Categories(in %) : 1977-1987

Year	Total value (million dollars)	All food (%)	Agricul- ture raw materials (%)	Fuel(%)	Ores & metals (%)	Mfgd. goods (%)	Of which			Unallocated (%)
							Chemical goods(%)	Other mfgd. goods(%)	Machinery equipt.(%)	
1977	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1978	n.a.	n. a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1979	1449.1	23.31	2.16	17.55	5.55	50.76	8.30	17.65	24.80	0.66
1980	2035.4	20.40	1.10	24.30	1.60	52.30	8.40	19.10	24.90	0.30
1981	1803.8	19.36	1.55	24.98	4.77	48.93	8.33	17.79	22.81	0.41
1982	1769.9	12.82	1.50	31.36	3.94	50.12	6.83	19.76	23.52	0.26
1983	1788.4	17.17	1.50	23.87	3.85	53.29	6.76	20.87	25.66	0.31
1984	n.a.	n.a.	n.a	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1985	1786.3	20.00	1.90	21.80	1.40	54.60	9.20	24.80	20.60	0.40
1986	1831.6	17.70	1.60	12.60	1.40	66.60	11.10	32.80	22.60	0.10
1987	2021.3	15.60	1.90	15.30	1.60	64.80	9.80	33.00	22.00	0.90
Average (8 yrs.)	1810.7	18.29	1.65	21.47	3.01	55.17	8.59	23.22	23.36	0.42

Note: n.a.= not available

Source: UNCTAD - Hand Book of International Trade and Development Statistics(Various issues)

Table-3.12

Import structure of Sri Lanka by Selected Commodity Group (in percents): 1977-87

Year	Cereals (%)	Crude & mfgd. ferti- zers (%)	Crude petro- leum (%)	Petro- leum product (%)	Medical & Pharma- ceutical products (%)	Textile fabrics yarn & clothing (%)	Metal & metal manu- fac- tures (%)	Machinery		Transport equipments (%)
								non- electrical (%)	Electri- cal (%)	
1977	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1978	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1979	13.21	3.03	13.90	3.61	1.07	10.32	7.37	10.91	4.23	9.67
1980	9.60	4.10	21.70	2.50	0.70	6.90	6.70	11.10	4.70	9.10
1981	8.25	3.51	22.25	2.68	0.52	9.18	6.53	9.46	6.10	7.25
1982	5.59	1.60	27.59	3.59	0.94	9.02	6.23	9.21	6.57	7.74
1983	6.60	1.54	16.81	6.83	0.94	9.40	6.97	10.00	8.12	7.54
1984	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1985	8.50	3.10	19.30	2.30	1.20	10.90	6.30	8.10	5.20	7.30
1986	6.20	2.30	10.10	2.40	1.60	15.50	7.90	9.20	6.30	7.10
1987	3.80	2.20	11.80	3.40	1.40	17.30	6.60	9.60	5.40	7.00
Average (8 yrs)	7.72	2.67	17.93	3.41	1.05	11.06	6.82	9.70	5.83	7.84

Note: n.a. = not available

Source: UNCTAD - Hand Book of International Trade and Development Statistics (various issues)

Direction of Trade

Direction of Trade of a Country has two facets, first, the direction of imports from and second, the direction of exports to. In case of Srilanka the direction of her imports and exports in percentage terms for the period of 1977 to 1987 have been shown in Table-3.13. It shows that both the imports and exports were in the highest values with the ESCAP region. 50.2 percent of average imports and 23.7 percent of average exports were destined from and to the ESCAP region. Similarly, Western Europe was the Second important region for Srilanka's imports and exports during the same reference period. Average percentage share of Srilanka's imports from Western Europe and exports to the same were 21.3 percent and 22.9 percent respectively. The North & Central America have got the third important position for Srilanka's trade relations. It is noticed that only 8.6 percent average imports of Srilanka were from North & Central America. Whereas, 18.8 percent of her exports went to that region during the same period. Eastern Europe and USSR as the source of Srilanka's direction of trade have shows the lowest percentage shares in imports and exports. The most remarkable feature was that only 7.8 percent of imports(on average) were from SAARC region. Such shares for exports to SAARC region were only 6.4 percent during the period under consideration.

Table-3.13

Srilanka's Direction of Trade(in percent): 1977-1987.

A. Imports from:	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Average
ESCAP -	50.3	44.4	51.5	41.0	47.5	54.1	59.8	45.5	52.1	52.7	52.8	50.2
SAARC -	10.9	10.2	12.7	6.5	5.2	5.2	7.3	7.0	6.4	7.9	6.7	7.8
North & Central America -	10.4	9.8	6.8	5.7	7.8	7.7	8.6	10.4	9.5	8.2	9.9	8.6
Western Europe	20.2	28.0	24.6	25.2	18.0	19.9	21.1	18.4	18.5	19.2	21.0	21.3
Estrn. Europe & USSR	4.2	4.9	2.7	1.2	.6	0.4	0.5	0.6	0.8	1.4	0.8	1.6
B. Exports to:												
ESCAP	34.9	30.5	25.8	23.3	26.3	23.8	21.0	17.7	19.3	19.3	18.8	23.7
SAARC	9.9	6.3	6.3	7.0	8.8	8.1	6.3	4.5	4.2	5.0	4.0	6.4
North & Central America	11.0	10.0	13.4	13.7	17.5	16.5	19.5	22.3	24.9	28.5	29.0	18.8
Western Europe	25.5	22.2	25.5	22.9	21.4	24.0	22.0	17.4	20.6	26.1	24.2	22.9
Eastern Europe & USSR	4.6	6.5	5.0	4.2	3.9	4.6	4.9	6.2	4.3	3.0	3.2	4.6

Source: UN Statistical Year Book for Asia and the Pacific: 1988 & 1991.

SUMMARY

The economy of Srilanka is quite weak and import dependent in the international market. Her exports as the percentage to world exports for the reference period 1977-1987 was only 0.06 percent on an average. This has made her a mere price-taker in the international trade transactions like most of other LDCs - who suffer from Severe price fluctuations for their export earnings and deteriorations in their terms of trade during the period under study.

She had negative trade balances from 1978 to 1987 except 1977 with a positive trade balance. The average adverse balances of trade for the 11 years stood at 12,117 million rupees. In dollar terms it is 570 million US dollars. Her exports to GDP on average during the period was 23.26 percent and share of such imports stood at 34.44 percent. Persistent deficits in her trade balances were due to the fact that her merchandise and invisible exports are always less than their corresponding imports. Her major primary and manufacture export items like Tea, rubber and coconut were 73.4 percent (on average) which lost its position in trading with the partner countries.

In direction of trade of Srilanka both imports and exports were in the highest values with the ESCAP region, the Western Europe was the Second and the North & Central America have got the third important position for her trade relations. The most remarkable features were that the share of imports and exports to SAARC region had shown a very low percentage.

NOTES AND REFERENCES

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