



Sri Lanka Market Report - July 2017 -

Aitken Spence Maritime, Sri Lanka



For further inquiries, please contact,

Manager - Operations
Aitken Spence Shipping Limited
315, Vauxhall Street, Colombo 2
Sri Lanka
P.+ 94 11 2308100
M. +94 722447145 / 722447691
Email. shipping@aitkenspence.lk
Web. www.aitkenspence.com



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1. State of the Economy

Consequent to adverse impact of prolong drought and devastating flood, the country's annual economic growth forecast was adjusted downward at 5.3 percent at the end of first half of 2017. However the World Bank expects a lower growth rate of t 4.7 percent this year, from 4.4 percent in 2016, and accelerates further to five percent in 2018.

National inflation in July 2017 remained unchanged from the previous month at 6.3 percent, on a year-on-year basis.

On a cumulative basis, exports and imports grew by 4.3 per cent and 12.6 percent respectively year-on-year during the first five months of 2017. Official external sector performance reports are not yet released after the month of May.

European Union has recently restored Sri Lanka to the ranks of countries that benefit from the enhanced Generalized System of Preferences Plus (GSP Plus) providing additional tariff preferences for import products. Consequently tariffs on more than 6000 products of the country have been removed, with the complete lifting of duties on some two-thirds of all tariff lines. This is expected to boost competitiveness of country's export products thereby growing the export trade to European Union countries.

2. Port Throughputs

2.1 - Port of Colombo

2.1.1 Port of Colombo Container throughput

Port of Colombo is the only international port in the country where containers are handled.

Month	Domestic Export and Imports- TEU	Transshipment- TEU	Restow-TEU	Total-TEU
January	116,746	362,451	5669	484,866
February	108,716	337,307	3,954	449,977
March	128,380	399,461	6,200	534,041
April	95,688	36,8989	4,983	469,660
May	111,633	397,123	5,917	514,673
June	111,623	381,927	7,655	501,205
July	118,686	402,877	7249	528,812
Total	791,472	2,650,135	41,627	3,483,234

As may be observed from the foregoing table, domestic export and imports volumes handled are accounted for 23 percent while transshipment containers amounted to 77 percent of the total throughput of the Colombo port.

2.1.2 Port of Colombo – Non Containerized Cargo throughput in July 2017

Month	Cargo	Discharged - MT	Loaded-MT	Total-MT
July 2017	Break Bulk	37,502	1,005	38,507
	Dry Bulk	192,144		192,144
	Liquid Bulk	466,615		466,615

2.1.3 Port of Colombo – Ship Arrivals

- During the month of July there were a total of 362 ships calling at the port of Colombo and of them 312 were container ships.
- During the month of July there were 40 other cargo ship arrivals discharging a total of 37,502 MT break bulk, 192,144 MT dry bulk cargoes and 466,615 MT of liquid bulk cargo.
- During the month 1,005 MT break bulk cargo were loaded in the port of Colombo.
- Current Indicative bunker prices are US\$ 355/-, US\$ 365/- and US\$ 550/- for IFO 380, IFO 180 and MGO respectively.

2. 2 - Port of Hambantota

The Port of Hambantota mainly handles car carrier and RO/RO vessels for domestic and transshipment vehicle movements.

Month	Cargo	Discharged MT	Loaded-MT	Total-MT
July 2017	Break Bulk	9,475	2,305	11780
	Dry Bulk			
	Liquid Bulk			-
Vehicles Units				
Month	Domestic	Transshipment	Total	
July 2017	3,455	5,811	9, 266	

There were 21 RO/RO ships calling the port during the month of July handling a total of 9,266 vehicle units for domestic and transshipment operation.

2. 3 - Port of Trincomalee

The port of Trincomalee mainly handles raw materials and finished products for cement and

flour mill industries located adjacent to the port limit.

There were a total of 21 cargo ships calling at the port of Trincomalee during the month of July.

Month	Cargo	Discharged MT	Loaded-MT	Total-MT
July 2017	Wheat Bran Pallets		11,000	11,000
	Dry Bulk Cargo			
	Wheat in Bulk	72,024		
	Clinker in Bulk	158,025		158,025
	Other Clinker		39,880	39,880
	Gypsum in Bulk	39,734		39,734
	Liquid Bulk (Fuel)	33,000		33,000
Month Total		302,783	50,880	353,663

3. Passenger Ship Arrivals

There were no passenger ships arriving at any port in the country during the month of July.

4. Proposed Maritime Sector Development in Sri Lanka

The Government of Sri Lanka is revitalizing its efforts to develop the country as the maritime and logistics hub in the Region with substantial investments in ports, related infrastructure and creating business friendly regulatory and administrative framework in the country.

4.1 Port of Hambantota – Privatization

After a long drawn out negotiations, the Sri Lankan Government, the Sri Lanka Ports Authority (SLPA) and China Merchant Holding Company (CM Ports) have signed a Framework Agreement to operate and manage the port and to develop an industrial zone adjacent to the port. Under the terms of the Framework Agreement two separate Sri Lankan companies would be formed to deal with administrative and commercial operations of the port as indicated below.

Hambantota International Port Services Company (HIPS) to undertake the management of port services such as port security, navigational services, pilotage, and anchorage, provision of aids to navigation, dredging, widening, emergency responses and pollution control services. The majority equity of this company will be vested with the SLPA holding 50.7% stake and CM Ports 49.3%.

Hambantota International Port Group (Pvt) Ltd (HIPG) to carry out commercial operations. The majority equity of this company would be vested with CM Ports holding 85% and SLPA with share of 15%. This company will have the right to lease, finance, construct, develop, operate, maintain and manage port terminals and other properties except the common user facilities.

4.2 East Container Terminal Development at the Port of Colombo

It is expected that the Sri Lanka Ports Authority would soon officially inform those who submitted Expression of Interest that the process would be cancelled and terminal will be developed without involvement of the private sector partners.

Aitken Spence Maritime & Logistics Sector – Business Activities

Aitken Spence has been in the forefront of Maritime and Logistics from the time the company originated business one and a half centuries ago. During this period the operations in ship agency, freight forwarding, container services, warehousing, distribution, transport, courier services, port management and consultancy services and maritime education expanded locally and globally whilst successfully partnering with leading international brands and service providers. With its involvement in the African continent, Aitken Spence became the first Sri Lankan company to perform port efficiency management services overseas. Aitken Spence also became the first Sri Lankan company to enter into a public private partnership overseas through its investment in Fiji Ports Terminals Limited and entering into a concession agreement with Fiji Ports Corporation Ltd for the operations and management of ports of Suva and Lautoka. Armed with a wealth of knowledge and experience accumulated over the years Aitken Spence looks forward to continuously expand its horizons in the domestic and global markets