

Belgium's trade relations with

# SRI LANKA

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**Belgian  
Foreign Trade Agency**

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# 1 IMPORTANCE OF BELGIUM AND THE OTHER EU COUNTRIES IN TRADE WITH SRI LANKA

## 1.1 EXPORTS

Total exports of goods from the European Union (EU-27) to Sri Lanka amounted to just over €1.0 billion in 2022.

**Belgium accounted for a share of 6.8%, making it the 6<sup>th</sup> largest EU exporter of goods to Sri Lanka.** Italy took first place in EU exports of goods to Sri Lanka with a share of 23.1% and an amount of €235.4 million. Meanwhile, Germany and the Netherlands took second and third place with shares of 21.7% and 9.5% respectively.

Whereas European exports (EU-27) to Sri Lanka were down by 15.6% (€-187.6 million) in 2022, Belgian exports decreased by 56.1% (€-88.0 million). Since Belgian exports of goods to Sri Lanka fell by a larger percentage

rate than exports of the EU as a whole, our country's share in EU exports of goods to Sri Lanka declined in 2022.

The value of Italian exports of goods to Sri Lanka decreased by 5.5% (€-13.7 million) in 2022, while those from Germany to Sri Lanka were reduced by 16.6% (€-44.0 million) due to the fact that the subsection 'vessels for the transport of goods and other vessels for the transport of both persons and goods' did no longer appear among exports. Meanwhile, the Netherlands recorded a drop of 24.0% (€-30.7 million) in its exports of goods to Sri Lanka due to a lower value for 'medicines'.

**TABLE 1: EVOLUTION OF EXPORTS TO SRI LANKA**

In million €	2021	2022	Variation (in %)	Share (in %)
<b>1 Italy</b>	249.1	235.4	-5.5	23.1
<b>2 Germany</b>	264.9	220.9	-16.6	21.7
<b>3 Netherlands</b>	127.6	96.9	-24.0	9.5
...				
<b>6 Belgium</b>	156.7	68.8	-56.1	6.8
...				
<b>Total EU-27</b>	<b>1,205.4</b>	<b>1,017.7</b>	<b>-15.6</b>	<b>100.0</b>

## 1.2 IMPORTS

Total EU-27 imports of goods from Sri Lanka amounted to almost €3.2 billion in 2022.

**Belgium was the 4<sup>th</sup> largest EU importer of goods from Sri Lanka with a share of 12.6%.**

Germany was the number one EU importer with a share of 23.8%, corresponding to an amount of €750.8 million. Italy and the Netherlands completed the top three of imports from Sri Lanka with shares of 18.8% and 12.8% respectively.

While European imports (EU-27) from Sri Lanka were up by 23.7% (€+604.4 million) in 2022, Belgian imports grew by a slightly larger percentage rate (+23.9% or €+77.0 million). Since the percentage growth rate of Belgian imports from Sri Lanka was just a

little higher than that of the EU as a whole, our country's share in EU imports of goods from Sri Lanka increased somewhat in 2022.

German imports of goods from Sri Lanka recorded a rise of 20.9% (€+129.7 million) in 2022 due to increased imports of 'retreaded or used pneumatic tyres of rubber' and 'trousers of cotton', among other things, while those of Italy grew by 25.4% (€+119.9 million) as a result of the higher value for the 'brassières', 'briefs and panties of man-made fibres' and 'T-shirts of cotton' subsections. Meanwhile, the Netherlands recorded a rise of 9.0% (€+33.6 million) in its imports of goods from Sri Lanka.

TABLE 2: EVOLUTION OF IMPORTS FROM SRI LANKA

In million €	2021	2022	Variation (in %)	Share (in %)
<b>1 Germany</b>	621.2	750.8	20.9	23.8
<b>2 Italy</b>	472.9	592.8	25.4	18.8
<b>3 Netherlands</b>	372.2	405.8	9.0	12.8
<b>4 Belgium</b>	321.6	398.6	23.9	12.6
...				
<b>Total EU-27</b>	<b>2,555.0</b>	<b>3,159.4</b>	<b>23.7</b>	<b>100.0</b>

## 2 IMPORTANCE OF SRI LANKA AND ITS NEIGHBOURING COUNTRIES FOR BELGIUM'S FOREIGN TRADE (2022)

CLIENT → BELGIAN EXPORTS

SUPPLIER → BELGIAN IMPORTS



### INTEREST IN SRI LANKA

The database of the Belgian Foreign Trade Agency, which registers around 25,000 companies, keeps records on 744 Belgian companies that export to Sri Lanka and another 1,646 companies that show an interest in this market.

### 3 BILATERAL TRADE RELATIONS

#### 3.1 TRADE IN GOODS

In 2022, Sri Lanka ranked **126<sup>th</sup>** among Belgium's main clients, before Malawi, but behind Honduras.

Total Belgian **exports** of goods to Sri Lanka amounted to €68.8 million in 2022, which is **56.1%** (€-87.9 million) less than the previous year.

Sri Lanka was Belgium's **67<sup>th</sup>** largest supplier of goods in 2022, ranking after Slovenia, but ahead of Estonia.

Total Belgian **imports** of goods from Sri Lanka were up by **23.9%** (€+77.0 million), amounting to €398.6 million in 2022.

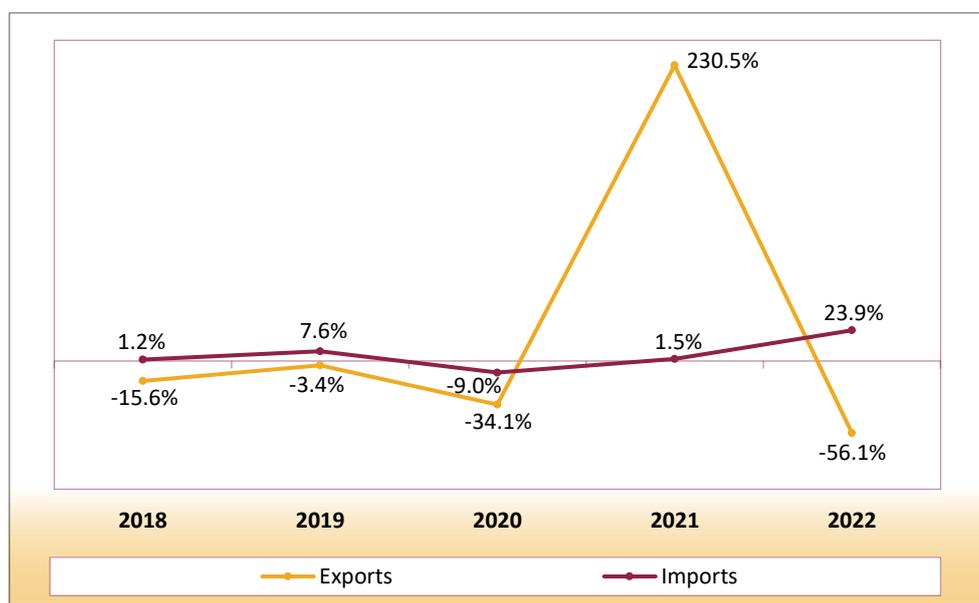
**TABLE 3: EVOLUTION OF BELGIUM'S TRADE IN GOODS WITH SRI LANKA**

In million €	2018	2019	2020	2021	2022
<b>Exports</b>	74.5	72.0	47.4	156.7	68.8
<b>Imports</b>	323.5	348.2	316.8	321.6	398.6
<b>Trade balance</b>	-249.0	-276.2	-269.4	-164.9	-329.8
<b>Exports: variation in %</b>	-15.6	-3.4	-34.1	230.5	-56.1
<b>Imports: variation in %</b>	1.2	7.6	-9.0	1.5	23.9

The deficit on Belgium's **trade balance for goods** with Sri Lanka, which amounted to €249.0 million in 2018, grew by €27.2 million a year later to €276.2 million as the value of exports declined, while imports increased. In 2020, imports fell by a slightly larger value than exports, causing the trade deficit to fall to €269.4 million. Both exports and imports recovered in 2021, but because the value of

exports increased much more than that of imports, the trade deficit fell further to €164.9 million. Subsequently, exports were reduced by more than half, while imports continued to rise. As a result, Belgium's trade deficit for goods with Sri Lanka rose to €329.8 million, which is the largest trade deficit of the period under review.

FIGURE 1: VARIATION OF EXPORTS AND IMPORTS (IN %)



After a 15.6% decline in 2018 due to a lower value for chemical products and machinery and equipment, among others, total Belgian **exports** of goods to Sri Lanka fell another 3.4% a year later. Then, the 34.1% decline in 2020 was mainly due to lower exports of machinery and equipment, precious metals and stones and transport equipment. Exports recovered in 2021 when they showed a 230.5% growth rate thanks to a significantly higher value for chemical products. Exports of the latter group of products were down in 2022, which also reduced total Belgian exports of goods to Sri Lanka by 56.1%.

Total Belgian **imports** of goods from Sri Lanka traditionally consist largely of textiles. An increase or decrease in imports of this group of products therefore also has a significant impact on the evolution of total imports from that country. After recording a modest rise of 1.2% in 2018, imports continued to grow by 7.6% due to increased imports of textiles. The value of the latter group of products declined in 2020, which also reduced total imports by 9.0%. After a modest 1.5% growth, an increase in textile imports helped total Belgian imports of goods from Sri Lanka grow by 23.9% in 2022.

### 3.1.1 EXPORTS

In 2022, **chemical products** took the top position in total Belgian **exports** of goods to Sri Lanka. With a value of €30.1 million, this group of products accounted for a share of 43.8% of total exports. This section was mainly composed of ‘vaccines for human medicine against SARS-related coronaviruses’.

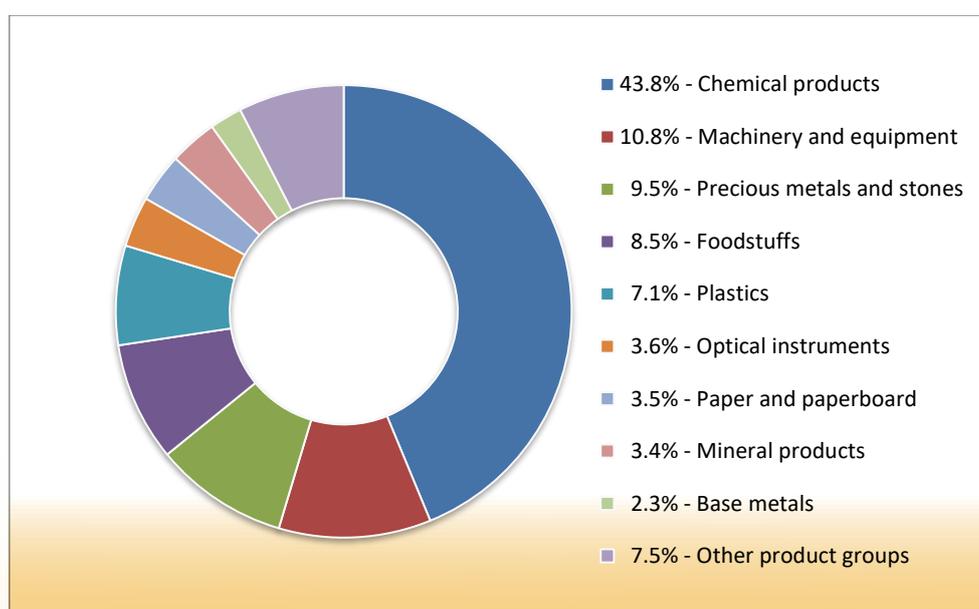
Exports of **machinery and equipment** (main subsections: ‘parts suitable for use with engines’ and ‘parts of machinery for preparing or making up tobacco’) amounted to €7.4 million, corresponding to a share of 10.8% of Belgian exports of goods to Sri Lanka.

**Precious metals and stones** (main subsection: ‘diamonds’) completed the top three with a share of 9.5% and exports totalling €6.6 million.

There were nine other product groups that also accounted for a share of more than 1.0% of Belgian exports of goods to Sri Lanka. These sections were:

- **foodstuffs:** €5.9 million, corresponding to a share of 8.5%;
- **plastics:** €4.9 million, corresponding to a share of 7.1%;
- **optical, precision and medical instruments:** €2.5 million, corresponding to a share of 3.6%;
- **paper and paperboard:** €2.4 million, corresponding to a share of 3.5%;
- **mineral products:** €2.4 million, corresponding to a share of 3.4%;
- **base metals:** €1.6 million, corresponding to a share of 2.3%;
- **vegetable products:** €1.3 million, corresponding to a share of 1.9%;
- **miscellaneous manufactured articles:** €1.2 million, corresponding to a share of 1.7% and
- **wood:** €0.9 million, corresponding to a share of 1.3%.

**FIGURE 2: BREAKDOWN OF BELGIAN EXPORTS TO SRI LANKA BY PRINCIPAL COMMODITIES (IN %) — 2022**



The 56.1% decrease in total Belgian exports of goods to Sri Lanka resulted to a large extent from the 71.7% cutback in **chemical products**. The value of this group of products was reduced by €76.3 million, due mainly to lower exports of ‘vaccines for human medicine against SARS-related coronaviruses’. The rise in quantity can be attributed to the ‘mineral or chemical fertilisers containing the three fertilising elements nitrogen, phosphorus and potassium’ subsection, which had very little impact on the evolution of the value.

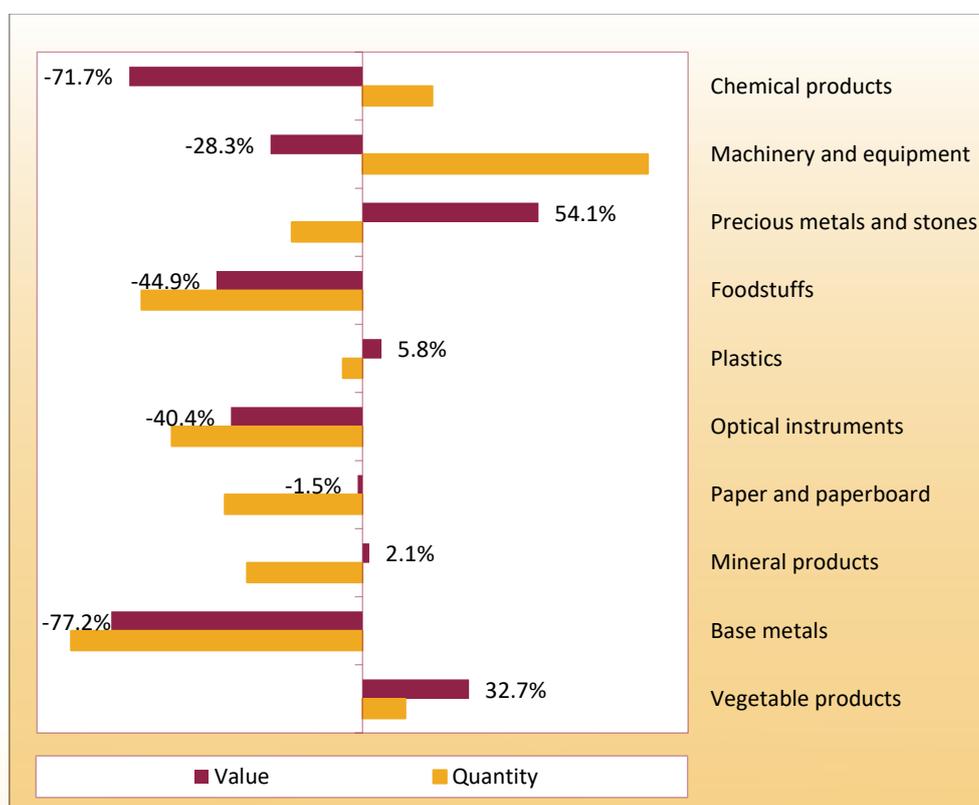
The other product groups in the top ten displaying a decrease in the export value recorded a negative growth rate varying from 1.5% (**paper and paperboard**) to 77.2% (**base**

**metals**). The cutback of €5.4 million experienced by this last product group can largely be attributed to lower exports of ‘refined lead’ and ‘zinc waste and scrap’.

Thanks to a higher value for ‘diamonds’, exports of **precious stones and metals** displayed a 54.1% (€+2.3 million) growth rate.

The other product groups from the top ten of which exports grew, were **mineral products** (+2.1% or €+48,000), **plastics** (+5.8% or €+270,400) and **vegetable products** (+32.7% or €+325,400). The rise in exports of this last group of products can be attributed mainly to the ‘not roasted malt’ subsection.

**FIGURE 3: VARIATION OF EXPORTS TO SRI LANKA BY PRINCIPAL COMMODITIES (IN VALUE AND QUANTITY) — 2022/2021**



### 3.1.2 IMPORTS

**Textiles** comprised the largest section of Belgian imports of goods from Sri Lanka in 2022. This group of products, composed primarily of ‘gloves, mittens and mitts, knitted or crocheted, impregnated, coated, covered or laminated with plastics or rubber’ and ‘T-shirts of cotton’, accounted for a value of €261.2 million, corresponding to a share of 65.5%.

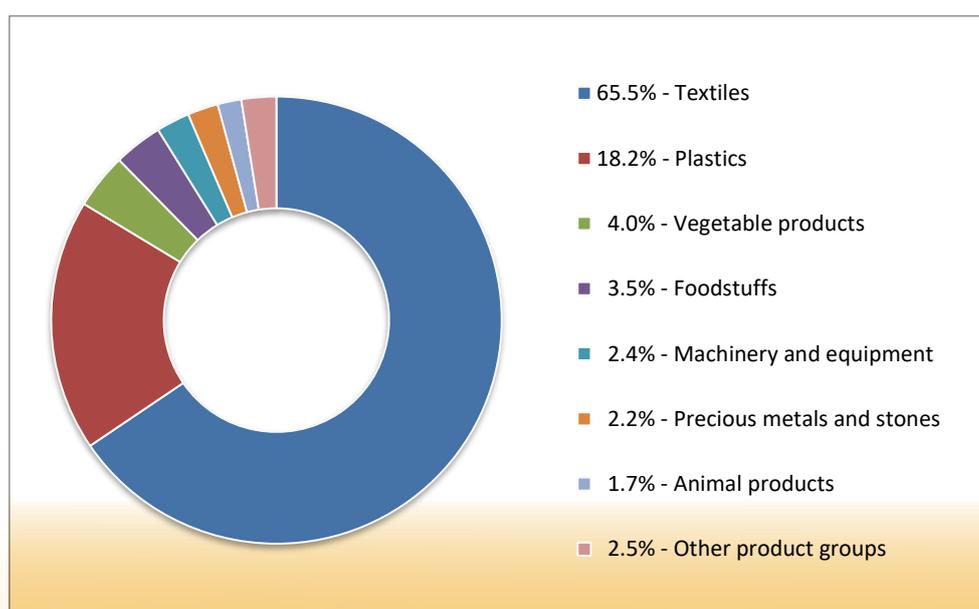
Imports of **plastics** (main subsections: ‘retreaded or used pneumatic tyres of rubber’ and ‘articles of apparel and clothing accessories (including gloves, mittens and mitts), for all purposes, of vulcanised rubber other than hard rubber’) amounted to €72.6 million, equivalent to a share of 18.2%.

**Vegetable products**, composed primarily of ‘black tea (fermented) and partly fermented tea, in immediate packings of a content not exceeding 3 kg’, completed the top three sections of Belgian imports from Sri Lanka. Imports of this group of products amounted to €16.0 million, which corresponds to a share of 4.0%.

Four other product groups also accounted for a share of more than 1.0% of Belgian imports of goods from Sri Lanka. These sections were:

- **foodstuffs:** €13.9 million, corresponding to a share of 3.5%;
- **machinery and equipment:** €9.8 million, corresponding to a share of 2.4%;
- **precious metals and stones:** €8.8 million, corresponding to a share of 2.2% and
- **animal products:** €6.9 million, corresponding to a share of 1.7%.

**FIGURE 4: BREAKDOWN OF BELGIAN IMPORTS FROM SRI LANKA BY PRINCIPAL COMMODITIES (IN %) — 2022**



The chart below shows that, of the seven product groups with a share of more than 1.0% in total Belgian imports of goods from Sri Lanka, the value of **textiles** increased the most in 2022. Imports of this group of products grew by €46.1 million (+21.4%), due in large part to the ‘jerseys, pullovers and cardigans of cotton’, ‘T-shirts of cotton’ and ‘trousers of cotton’ subsections.

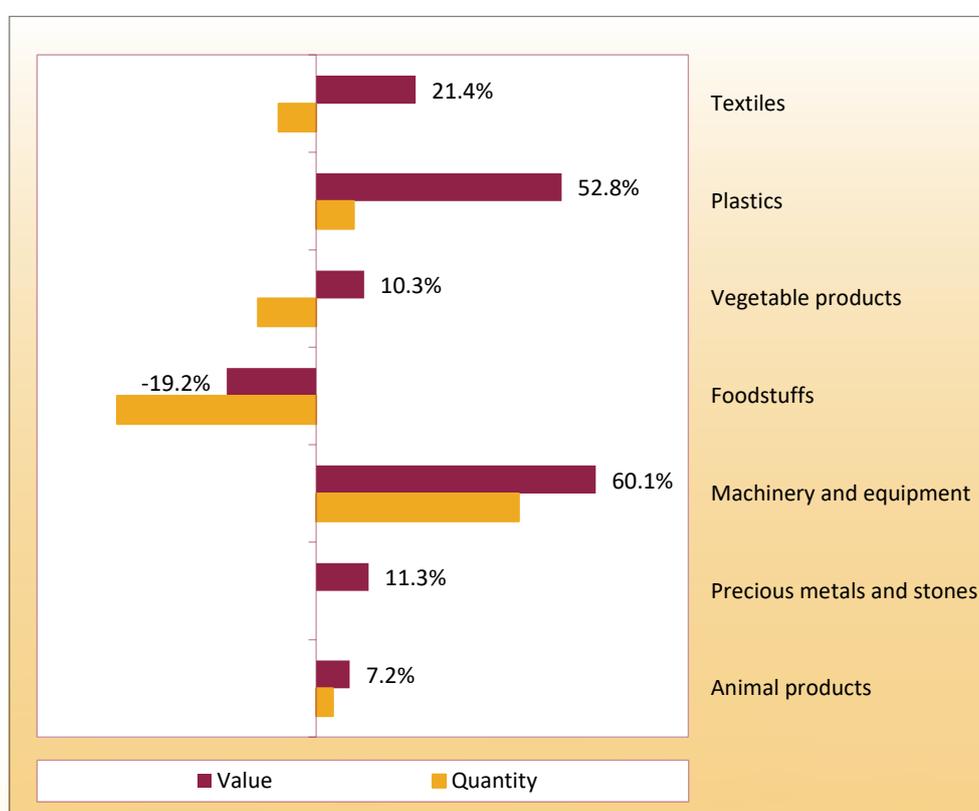
The value of **plastics**, the second largest section in imports from Sri Lanka, was up by 52.8% (€+25.1 million) in 2022 due to higher imports of ‘retreaded or used pneumatic tyres of rubber’ and ‘articles of apparel and clothing accessories (including gloves, mittens and mitts), for all purposes, of vulcanised rubber other than hard rubber’, among other things.

The rise in value of the two preceding groups of products was a significant contributory factor in the overall increase in Belgian imports of goods from Sri Lanka by 23.9%.

The other product groups with a share of more than 1.0% of imports with increased value recorded growth rates that varied from 7.2% (**animal products**) to 60.1% (**machinery and equipment**). The €3.7 million rise by this latter product group can largely be attributed to higher imports of ‘parts of fork-lift trucks and other works trucks fitted with lifting or handling equipment’.

The only product group with a share of more than 1.0% displaying a drop in imports was **foodstuffs** (-19.2%). The €3.3 million cutback in value of this last product group can largely be attributed to lower imports of ‘tobacco’.

FIGURE 5: VARIATION OF IMPORTS FROM SRI LANKA BY PRINCIPAL COMMODITIES (IN VALUE AND QUANTITY) — 2022/2021



## 3.2 TRADE IN SERVICES

The value of Belgian exports of services to Sri Lanka was up by **191.3%** (€+13.2 million) in 2022, increasing to **€20.1 million**. This made Sri Lanka Belgium's **111<sup>th</sup>** largest client after Uzbekistan but ahead of Guinea.

Belgian imports of services from Sri Lanka accounted for a value of **€25.6 million** in 2022, corresponding to a **78.9%** (€+11.3 million) increase compared to the year before. Sri Lanka was Belgium's **89<sup>th</sup>** largest supplier in 2022, ranking before Lesotho, but after Belarus.

**TABLE 4: EVOLUTION OF BELGIUM'S TRADE IN SERVICES WITH SRI LANKA**

In million €	2020	2021	2022
<b>Exports</b>	6.2	6.9	20.1
<b>Imports</b>	15.8	14.3	25.6
<b>Trade balance</b>	-9.6	-7.4	-5.5
<b>Exports: variation in %</b>	-11.1	10.5	191.3
<b>Imports: variation in %</b>	-27.3	-9.7	78.9

Belgium's **trade balance for services** was negative each year from 2020 to 2022, with imports of services from Sri Lanka outperforming exports to that country each time.

decreased, while exports moved in the opposite direction. Then, growth in exports was larger than the rise in imports, which is why Belgium's trade deficit in services with Sri Lanka was limited to €5.5 million in 2022.

The deficit in Belgium's services trade balance with Sri Lanka, which amounted to €9.6 million in 2020, was reduced to €7.4 million a year later as the value of imports

The trade balance for services resembled that for goods from 2020 to 2022, since both were negative for our country.

### 3.2.1 EXPORTS

In 2022, **construction services** comprised the largest category in terms of total Belgian **exports** of services to Sri Lanka with a share of 62.0% and a value of €12.5 million. **Communication services** took 2<sup>nd</sup> place with 14.7%, while **transportation services** settled in third place with a share of 9.2%.

The higher value for **construction services** was the primary reason why total Belgian exports of services to Sri Lanka were up by 191.3% in 2022. Exports of this section increased from only €28,000 in 2021 to nearly €12.5 million last year.

**Transportation services** and **other business services** were the two other groups of services from the top five for which exports grew. The value for the first section displayed a 64.8% (€+726,000) increase, while exports of the latter group of services rose by 39.1% (€+474,000).

The positive evolution of the preceding services groups and the **other services** (+49.9%, or €+238,000) was more significant than the drop in exports of **communication services** (-4.7% or €-144,000) and **financial services** (-55.2% or €-534,000).

TABLE 5: BELGIAN EXPORTS TO SRI LANKA BY PRINCIPAL SERVICES

In million €	2021	2022	2022/2021 Var. in %	2022 Share in %
<b>Construction services</b>	0.0	12.5	44,414.3	62.0
<b>Communication services</b>	3.1	2.9	-4.7	14.7
<b>Transportation services</b>	1.1	1.8	64.8	9.2
<b>Other business services</b>	1.2	1.7	39.1	8.4
<b>Financial services</b>	1.0	0.4	-55.2	2.2
<b>Other services</b>	0.5	0.7	49.9	3.6
<b>Total</b>	<b>6.9</b>	<b>20.1</b>	<b>191.3</b>	<b>100.0</b>

### 3.2.2 IMPORTS

**Production-related services** were the largest section of imports from Sri Lanka. Their value amounted to €9.6 million in 2022, corresponding to a share of 37.5%.

**Communication services** and **transportation services** rounded off the top three with shares of 25.2% and 18.3% respectively. This last section is composed of sea transport, air transport, space transport, rail transport, road transport, inland waterway transport and pipeline transport

Each of the top 5 sections in imports recorded an increase in 2022. The higher value for **communication services** and **transportation services** was the main reason why total Belgian imports of services from Sri

Lanka were up by 78.9% in 2022. Imports of the former section increased from €2.8 million to €6.4 million (+131.9%), while the value of the latter group of services grew by 327.5%, from €1.1 million in 2021 to €4.7 million last year.

**Production-related services**, the largest section in imports, recorded a growth rate of 16.6% (€+1.4 million).

**Travel services** and **other business services** were the other sections from the top five for which imports increased. The value of the first section rose by 321.0% (€+2.6 million), while imports of the latter were up by 4.0% (€+43,000).

TABLE 6: BELGIAN IMPORTS FROM SRI LANKA BY PRINCIPAL SERVICES

In million €	2021	2022	2022/2021 Var. in %	2022 Share in %
<b>Production-related services</b>	8.2	9.6	16.6	37.5
<b>Communication services</b>	2.8	6.4	131.9	25.2
<b>Transportation services</b>	1.1	4.7	327.5	18.3
<b>Travel services</b>	0.8	3.4	321.0	13.4
<b>Other business services</b>	1.1	1.1	4.0	4.4
<b>Other services</b>	0.3	0.3	4.3	1.2
<b>Total</b>	<b>14.3</b>	<b>25.6</b>	<b>78.9</b>	<b>100.0</b>

## 4 ECONOMIC INDICATORS FOR SRI LANKA

<b>Economic structure (estimates)</b>	
GDP (2022)	\$73.7 billion
GDP growth rate (2022)	-8.7%
Inflation rate (2022)	48.2%
Exports of goods (2021 - FOB)	\$13.3 billion
Imports of goods (2021 - FOB)	\$21.5 billion
Trade balance (2021)	\$-8.2 billion
Population (2022)	21.8 million
Unemployment rate (2022)	5.0%
<b>Main clients (2021): % of total</b>	
United States	24.0
United Kingdom	7.5
India	6.7
Germany	6.1
<b>Main suppliers (2021): % of total</b>	
China	23.0
India	22.0
UAE	6.6
Malaysia	3.8
<b>Main exports (2021): % of total</b>	
Tea	10.4
Brassières, girdles, corsets, braces, suspenders, garters and similar articles	5.2
Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, dressing gowns and similar articles	5.1
<b>Main imports (2021): % of total</b>	
Petroleum oils and oils from bituminous minerals	9.9
Electrical apparatus for line telephony or line telegraphy	3.0
Knitted or crocheted fabrics	2.7

Sources: TrendEconomy + Lloyds Bank Trade

## 5 INDEX OF THE UNIT PRICE FOR IMPORTS AND EXPORTS

The table below gives an overview of the development of the index of the unit price for imports and exports for Belgium (with the world).

This index facilitates an analysis of the general development of the price of goods. This makes it possible to consider the global development of Belgian imports and exports in perspective by determining the part that is

caused by price developments (and hence which part is caused by a change in quantity).

The table has to be interpreted as follows:

If a given product had an export value of €100 in the year 2015, then this product had an average value of €114.4 in 2021. The same principle applies to imports. If a particular product had an import value of €100 in 2015, the same product then had an import value of €115.1 in 2021.

**TABLE 7: INDEX OF THE UNIT VALUE OF TOTAL BELGIAN EXPORTS AND IMPORTS (2015=100)**

	Export	Import
<b>2010</b>	93.6	93.6
<b>2011</b>	100.0	101.3
<b>2012</b>	102.5	104.3
<b>2013</b>	101.6	103.2
<b>2014</b>	100.6	101.7
<b>2015</b>	100.0	100.0
<b>2016</b>	97.4	95.8
<b>2017</b>	102.0	101.9
<b>2018</b>	105.1	106.5
<b>2019</b>	105.8	106.4
<b>2020</b>	104.2	103.3
<b>2021</b>	114.4	115.1

## 6 SOURCES

WORLD BANK — [WWW.WORLDBANK.ORG](http://WWW.WORLDBANK.ORG)

NATIONAL BANK OF BELGIUM — [WWW.BNB.BE](http://WWW.BNB.BE)

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DIRECTORATE-GENERAL COMMERCE, EUROPEAN COMMISSION — [HTTP://EC.EUROPA.EU/TRADE](http://EC.EUROPA.EU/TRADE)

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WORLD TRADE ORGANIZATION — [WWW.WTO.ORG](http://WWW.WTO.ORG)

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