

S R I L A N K A

Economic classification:	Low Income economy	
Oil exporter or importer (net):	Importer	
Annual per capita income	US\$360	1987
Average annual GNP	US\$360	1987
Average annual growth	5.0%	1977-87
Volume of imports	Rs 60,517 million	US\$ 1987
Of which food	Rs 13,804 million	1987
Of which fuels	Rs 8.716	1987
Principal foreign exchange earning export:	Textiles/Garments	
Population	16.4 million	1987
Annual population growth	1.5%	1987
Annual Consumption:		
Flour	158,000 tonnes	
Meat	44,000 tonnes	
Vegetable Oil	59,000 tonnes	

I GENERAL INFORMATION

1. Foreign Exchange Situation

Sri Lanka's foreign exchange reserves are badly depleted. Drought conditions in recent years, depressed commodity prices and the escalating military expenditure since July 1983 have diverted scarce resources. The Indo-Sri Lanka Peace Accord of July 1987 bringing at least a temporary end to Sri Lankan military involvement in anti-military activity in the northern and eastern parts of the country was expected to reduce military expenditures, but a revival of fighting elsewhere in the country dissipated these savings. However, we do not foresee wheat imports being adversely affected until 1992 at least.

2. Fertilizer Situation

The country's requirements of fertilizer which include muriate of urea, muriate of potash, sulphate of ammonia, triple super phosphate, NPK are procured on international tender by the Ceylon Fertilizer Corporation, Colombo, Colombo Commercial Company and the Janatha Estates Development Board. In 1987, urea accounted for the highest share of 38% in total fertilizer (somewhat less than the 43% recorded the previous year mainly due to a disruption in overseas supplies). Muriate of potash (MOP) accounted for 19% (compared to 16% in 1987) as well as sulphate of ammonia 19%. Since CIDA's program of assistance for potash purchases as early as 1974, Canada has become the leading supplier of potash to Sri Lanka because of its high quality and guaranteed supply. MOP which is used by all crop sectors to satisfy potash requirements registered a 7% increase in useage from 85,300 mt in 1986 to 90,600 mts in 1987, the leading users being paddy and tea sectors. Canadian suppliers have been almost entirely through Canpotex Ltd. but in the past two years Potacan has also entered the market.