

Boat and Ship Building



Real Sector Division - Economic Research Department
Central Bank of Sri Lanka

Boat & Ship building is a leading industry driving Sri Lanka towards greater industrialization

- In 2019, the industry contributed to 0.56 per cent of exports and continues to grow, with a wide variety of products and services being offered to the international markets.
- There are around 20 to 25 active boat yards around the country producing various types of boats providing employment to around 2000 direct and around another 10,000 indirect.
- Sri Lanka's major Ship building products include, Multipurpose Platform Supply Vessels, Anchor Handling & Supply Vessels, Crew Boats, Passenger Vessels, Harbor Berthing/ Towing Tugs, Naval/ Coast Guard Vessels, Landing Crafts, Fire Fighting Vessels, Fishing Vessels to name a few.
- Major boat building products include, yachts, pleasure and leisure boats, fishing boats, passenger, sports, rescue, coast guard, patrol boats, fast attack crafts and general purpose vessels.

Export quality ships and boats made in Sri Lanka



Illustration: Products of Sri Lankan boat manufacturers

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Key players in Sri Lanka



- High-quality commercial fishing equipment.
- Produce lead slowing and jigs, nickel and copper plating.

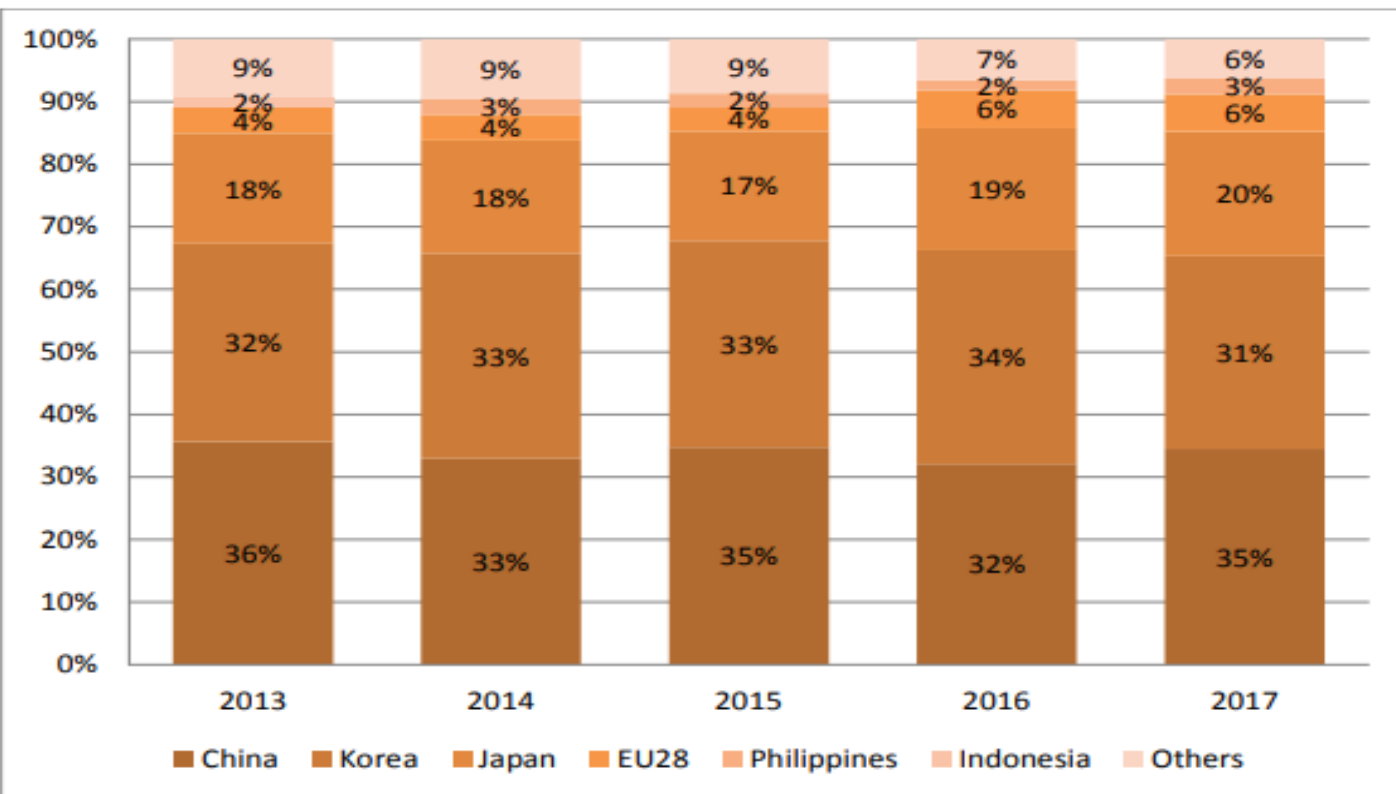


- Crafting Luxury Boats to World Class Standards, Skillfully Crafted Fishing Vessels
- Sri Lanka is an imminent boat and ship service provider to Seychelles



Global Industry Status

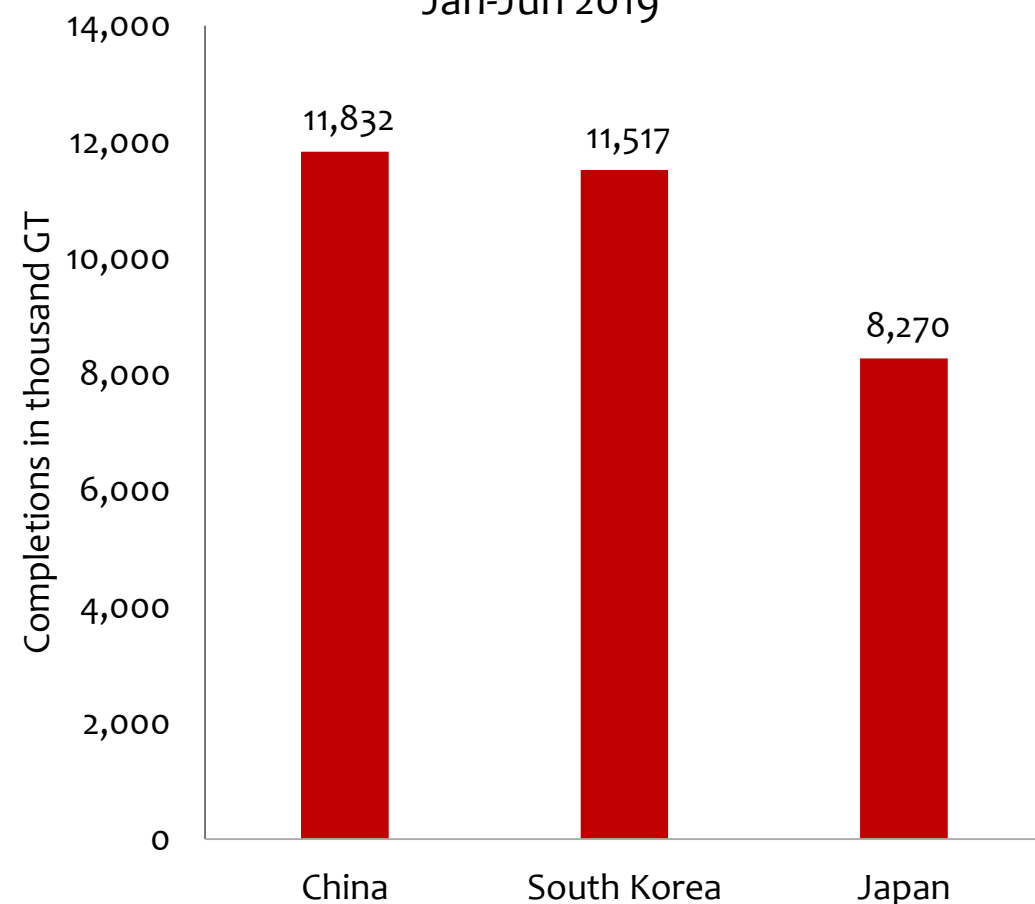
Development of country market shares in CGT deliveries, by year



Note: The five largest shipbuilding economies are depicted, measured in CGT.

Source: OECD calculation based on Clarkson World Fleet Register.

Largest Ship building nations, based on completions in gross tonnage Jan-Jun 2019



Source : Statista.com

Sri Lanka's Key Export countries in the Global Market

Product: 8901 Cruise ships, excursion boats, ferry-boats, cargo ships, barges and similar vessels

USD Million

Importers	2013	2014	2015	2016	2017
World	79.7	86.4	61.9	53.6	71.5
Singapore	27.7	53.6	0.3	25.3	71.0
Seychelles	0.0	0.0	0.1	-	0.2
Somalia	-	0.0	0.1	-	0.2
Netherlands	0.2	0.3	-	0.1	0.1
Maldives	-	0.0	0.1	0.3	0.0
Australia	-	0.0	0.0	-	-
China	-	-	5.7	0.8	-
Korea, Republic of	-	3.0	-	-	-
Kuwait	-	-	1.8	-	-
Malaysia	-	-	-	2.1	-
India	51.8	29.5	53.7	24.9	-
United Arab Emirates	-	0.0	0.0	-	-
United Kingdom	-	-	0.0	-	-

Source : Trade Map

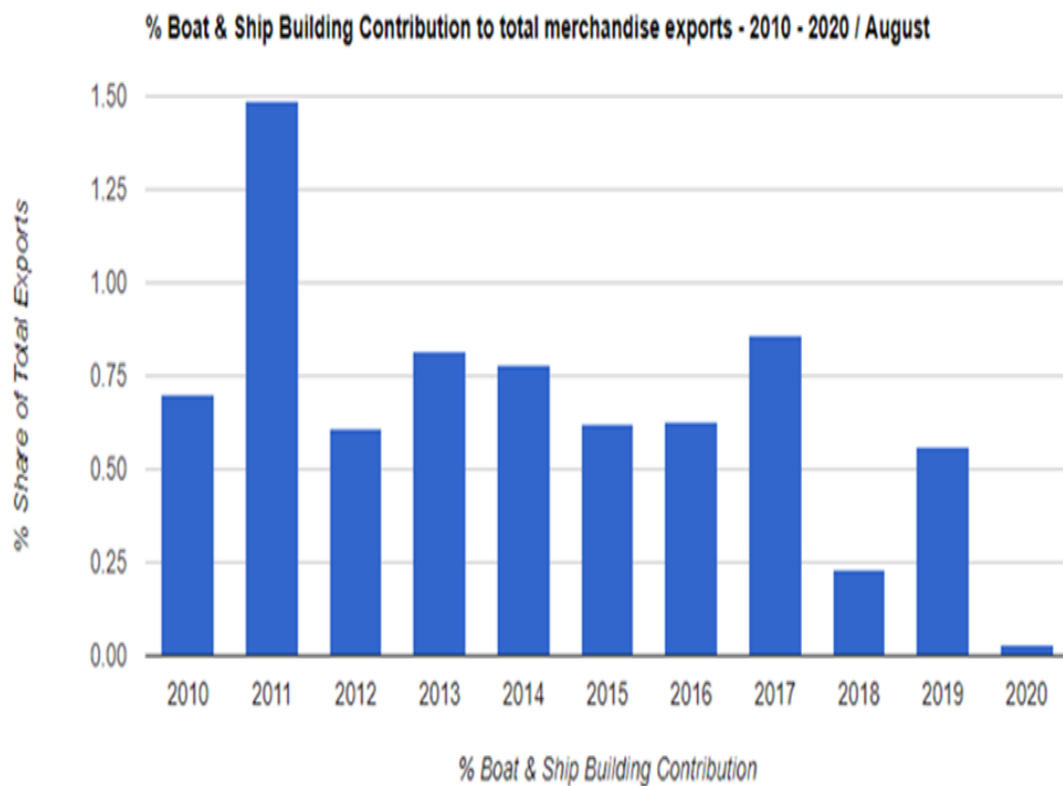
Product: 8902 Fishing vessels; factory ships and other vessels for processing or preserving fishery products (excluding fishing boats for sport)

USD Million

Importers	2013	2014	2015	2016	2017
World	0.36	2.26	1.29	2.01	2.08
Seychelles	0.27	0.78	1.26	1.07	0.64
Oman	0	0	0	0	0.36
Comoros	0	1.31	0	0.72	0.35
Australia	0	0	0	0	0.28
Madagascar	0	0	0	0	0.2
Norway	0	0	0	0	0.18
Mauritius	0	0.16	0	0	0.04
Korea, Republic of	0	0	0	0	0.02
Maldives	0	0	0.03	0.01	0.01
Djibouti	0	0	0	0	0.01
China	0	0	0	0	0
Somalia	0.09	0	0	0	0
Japan	0	0	0	0.2	0
Papua New Guinea	0	0	0	0	0
Timor-Leste	0	0	0	0	0
United Arab Emirates	0	0.01	0	0	0

Source : Trade Map

Sri Lanka's Industry Status



Source : Statista.com

Item	USD Mn			
	2016	2017	2018	2019
Cruise ships	50.7	71.5	23.4	3.7
Fishing vessels	1.8	1.8	2.2	1.3
Other floating structures	1.5	0.8	0.1	58.5
Pusher craft	0.0	1.0	-	-
Rowing boats	0.0	0.2	0.2	0.2
Sail boats	0.2	0.5	0.0	0.1
Yachts	10.3	21.1	0.5	1.0
Total	64.6	96.8	26.3	64.7

Source : Trade Map

Critical Challenges

- Lack of suitable land areas for yards
- Shortage of trained labourers
- Low Quality of local materials
- Lack of Technology and mechanisms
- Lack of standardization and quality assurance systems

Issue 1 : Lack of suitable land area for yards

- Most of the main yards do not have direct access to water for launching
 - *Government stopped initiatives to release land for boat industry*
 - *Roads to existing launch areas are not in line with standard requirements*
 - *To date there is no directive on releasing land*

Issue 2 : Shortage of trained labour

- Low interest in this industry
 - *Limited number of TVET institutions and programs*
 - *Limited awareness about job opportunities*
 - *Have to spend more time to train*

Issue 3 : Low Quality of local materials

- Quality doesn't meet global maritime industry standards
 - *Materials*
 - *Operational Equipment*
 - *Companies are using “Lloyd's Register” as the main standard*

Issue 4 : Lack of Technology and mechanisms

- Limited use of innovative technology
 - *Insufficient technology-related skill*
 - *Lack of market research from the main companies*

Issue 5 : Lack of standardization and quality assurance systems

- As a boat building nation, there is no specific standard for boat building
 - *Supplying of inferior quality products at low prices*
 - *Passenger boats don't fulfill basic safety requirements*

Solutions, Suggestions and Proposals

Strategies and Solutions

Issue 01: Lack of suitable land areas for yards

- *Should give lands in Coastal Areas ; Negombo, Jaffna*

Issue 02: Shortage of trained labour

- *Implement more training programs in government Universities and Vocational Training Authorities*

Issue 03: Low quality of local materials

- *Introduce Local producers of boat building materials to global standards*

Issue 04: Lack of Technology and relevant mechanism

- *Develop new software which will help to compete with other major export countries*

Issue 05: Lack of standardization and quality assurance systems

- *Link with the IT-Business Process Management Sector*

Proposal for establishing a Yacht marina bay in Sri Lanka



Way Forward

1. Dedicated boating complex to house manufacturing units for export purposes
2. Development of leisure boating areas around the island – pleasure industry-tourist attraction – entertainment area
3. Manufacture of vessels to Coastguard Department and the Sri Lankan Navy
4. Regulating the industry through international design standards
5. Inland canal transport in and out of Colombo
6. New concepts – Houseboats
7. Promoting Research & Development through government patronage



Thank You!!