

Sector Overview – Ceramic, Porcelain, Tile and Granite

1. Introduction

1.1 Core Business /Principle activities

Manufacturing Tableware, kitchenware, homeware, Sanitaryware, Ornamental ware, Floor tiles, Wall tiles, Red Clay Roof Tiles, Glass bottles and jars, Cut stone products for local and export markets.

1.2 Sector Vision

Add the maximum possible value to local mineral raw materials.

1.3 Sector Mission

Provide high quality products to the local and global markets

1.4 Subsectors

- 1) Tableware
- 2) kitchen ware
- 3) homeware
- 4) Ornamental ware
- 5) Sanitaryware
- 6) Floor tiles, Wall tiles
- 7) Red Clay Roof Tiles
- 8) Glass bottles and jars
- 9) Cut stone products
- 10) Craft pottery

1.5 Institutions operating under the subsectors

- 1) Tableware, kitchen ware, homeware, Ornamental ware - 5
- 2) Sanitary ware - 9
- 3) Floor tiles, Wall tiles - 3
- 4) Red Clay Roof Tiles – 250 +
- 5) Glass bottles and jars - 1
- 6) Cut stone products– 15
- 7) Craft pottery – 200 +

Table 1: Institutions operating under the subsectors

No	Name of the Company	Website
1	Piramal Glass Ceylon PLC	www.piramalglassceylon.com
2	Noritake Lanka Porcelain Pvt Ltd	www.noritake.lk
3	Dankotuwa Porcelain Ltd.	www.dankotuwa.com
4	Royal Fernwood Porcelain Ltd	www.fernwoodporcelain.com
5	Lanka Wall Tile PLC	www.lankatiles.com
6	Midaya Ceramic Company Ltd.	www.midaya.com
7	Royal Ceramic Lanka Ltd	www.rocell.com
8	Art Decoration International Pvt Ltd.	www.artdecorint.com
9	Samson Rajarata Tiles Pvt Ltd	www.dsitiles.lk
10	Rocell (Pvt) Ltd	www.rocell.com
11	Macktiles Lanka (Pvt) Ltd	www.macktiles.com

1.6. Number of employees (local/ foreign/Gender wise)

- Local direct – 30,000 (60% Male, 40% Female)
- Local indirect – 20,000
- Foreign – 5
- The tableware and ornamental ware sector employed 16,000 to 18,000.
- The tile sector accounted 2,000 - 4,000 employees

1.7. Contribution to GDP by the Sector – 0.16%

2. Production and Consumption

2.1. Annual Domestic Production

LKR 75.95 Bn

2.2. Annual Domestic Consumption

LKR 1,935 Bn

2.3. Market share

100% due to current import bans

2.4. Product types

Sri Lankan ceramic industry supplies ceramic products to the international market under four major categories.

- Porcelain Tableware
- Ornamental ware & utility ware
- Tiles including wall tiles & floor tiles
- Sanitary ware & Bath ware

In addition, following products are manufactured by the industry.

- Earthenware & stoneware products
- Cements, glass & refractory
- Red brick, roofing tiles and terra cotta products

Porcelain Tableware

Sri Lanka's porcelain products are in-glaze, on-glaze and under-glaze decorations, heavy metal free decorations, ornate and difficult gold decorations, microwave-safe designs in gold or platinum, dish washer safe construct & also our ability to supply high quality Ivory Porcelain (new bone China) & artistic porcelain dinnerware.

All Sri Lankan products conform to Food & Drug Administration (FDA) norms ASTM Standards. The tableware and kitchenware exports amount to around 63% of the country's total ceramic exports. There are three key players in the country and their main export markets are India, USA, Japan, UAE, and Sweden.

Ornamental/ Utility Ware

Range of products include items such as figurines, household decorations, music boxes, chandelier ceramic accessories, kitchen accessories, bathroom accessories, garden articles and studio pottery. There are four key players in the country and their main export markets are Denmark, Sweden, USA and UK.

Sanitary Ware & Bath Ware

Sri Lanka manufactures Bath ware & sanitary ware for both domestic & international markets. Use of imported clays and glaze raw materials with advanced production techniques enhances the product quality conforming to British standard specification BS EN 3402-1962, thereby ensuring that the products will be on par with that of any leading European manufacturer in terms of both design and quality. All the moulds are made from epoxy resin case moulds, which will ensure superior surface qualities and dimensional stability. Production facility of the main manufacturing company in Sri Lanka has been recognized internationally by leading sanitary ware industry specialists as one of Asia's most modern in terms of technology and production capability. Main export markets are UK and Hungary.

Tiles

Floor tiles are available in a wide range of shades, designs, and finishes-rough or smooth surfaces-and sizes to suit any floor area in residential and commercial buildings. These include floor tiles especially suited for verandahs, sitting rooms, dining rooms, bed rooms, pantry, as well as for flooring outdoor space such as terraces, path-ways, ponds etc. They range from simple glazed tiles to multiple prints and manual hand painted to machine embroidered types. A variety of different textures to suit customer preferences: matt, rough, gloss, stone, marble, and terra-cotta finishes in a range of self-colours or shades are available.

Wall Tiles are offered in a variety of colours, textures, and in different sizes including special trim tiles, decorated tiles, handmade and hand painted tiles conforming to British, European, Singapore, Hong Kong and Japanese Standards. Main export markets for Tiles are USA, Australia, Maldives, Netherlands and India.

Annual Domestic Requirement – 22 Mn sqm

Annual Domestic Production – 16 Mn sqm

Table 2: Tile Sector Annual production capacity

Manufacturing Company	Total Annual Production
Lanka Tiles (Pvt) Ltd	7.7 Mn sqm
Rocell (Pvt) Ltd	4.6 Mn sqm
Macksons Tiles Lanka (Pvt) Ltd	3.7 Mn sqm
Maximum Annual production capacity	16.0* Mn sqm

*These entities fulfil 50% of country's demand. The balance 50% is imported annually.

Glass Products

The only company in Sri Lanka manufacturing glass products offers the entire moulded range of glass bottles for the food and beverages, pharmaceuticals, cosmetics and perfume industries. Main markets are India and Australia.

2.5. Required raw materials that can be found locally

- 1) Ball Clay
- 2) Barium Carbonate
- 3) Calcite
- 4) Calcium Carbonate
- 5) Dolomite
- 6) Feldspar
- 7) Kaolin
- 8) Quartz
- 9) Red clay
- 10) Silica Sand
- 11) Soda Ash
- 12) Sodium silicate
- 13) Talc
- 14) Zirconium Silicate

2.6. Required raw materials needed to be imported

- 1) High Quality Ball Clay
- 2) High Quality Kaolin
- 3) Unfinished stone
- 4) Soda Ash
- 5) High quality Plaster for moulds
- 6) Alumina
- 7) Colour Pigments and additives

Table 3: Raw Materials

HS Code	Item					
		Preferential Duty	CID	VAT	PAL	CESS
2506.10.90	Value added vein quartz	SF-5%,SD-4.5%	10%	15%	10%	-
2506.20.00	Quartzite	SF-5%,SD-4.5%	10%	15%	10%	-
3209.90.90	Nano Chemical		15%	15%	10%	Rs. 200/kg

2.7. Raw material wastage (%)

2 – 5%

3. Turnover

3.1. Local sales

Approx Annual LKR 38.36 Bn

3.2. Export earnings

Ceramic tableware, kitchenware, unglazed ceramic flags and paving and unglazed ceramic mosaic cubes are the key segments of ceramic exports of the country.

Table 4: Exports

							(USD Mn)
Code	Description	2017	2018	2019	2020	2021	
	Tableware & Kitchenware	22.60	21.02	20.22	14.50	23.70	
H.6911	Porcelain & china - Tableware & Kitchenware	21.40	19.54	18.97	13.60	21.36	
H.6912	Ceramic - Tableware & Kitchenware	1.20	1.48	1.25	0.90	2.34	
	Tiles	6.70	5.705	4.76	5.24	7.98	
H.6904	Flooring blocks and tiles	0.19	0.005		0.30	0.04	
H.6907	Unglazed ceramic tiles	0.89	5.70	4.76	4.94	7.94	
H.6908	Glazed ceramic tiles	5.62					
H.690510	Ceramic roofing tiles	0.37	0.69	0.48	0.35	0.78	
	Ornamental articles	3.85	3.60	3.32	3.02	3.56	
	Other Ceramic products	0.8	0.94	1.76	1.53	2.24	
HS.70	Glass & Glassware	16.21	20.38	18.94	15.67	21.25	

Table 5: Export Performance – Ceramic & Porcelain Sector

Year	Export earnings (USD Mn)
2015	35.17
2016	34.41
2017	33.74
2018	31.26
2019	30.05
2020	23.99
2021	37.45
2022	38.12

Table 6: Ceramic & Porcelain Sector contribution to total merchandise exports

Year	%
2015	0.35
2016	0.34
2017	0.30
2018	0.27
2019	0.26
2020	0.24
2021	0.31
2022	0.30

3.3. Export destinations

Table 7: Export Destinations

Tableware & Kitchenware	Wall Tiles	Ornaments
India	United States	Denmark
United States	Australia	Sweden
Japan	Maldives	United States
United Arab Emirates	Netherlands	United Kingdom
Sweden	Puerto Rico	United Arab Emirates
China	India	Japan
Germany	Oman	Saudi Arabia
Australia	Pakistan	Norway
Malaysia	Seychelles	Germany
Taiwan	New Zealand	Italy

Table 8: Export earnings of Major Export Destinations

Country	Export earnings (USD Mn)
USA	7.6
India	5.68
Japan	3.75
Australia	3.14
UK	2.53
Denmark	2.26
UAE	1.58
China	1.56
Sweden	1.16
Germany	1.03

4. Government Policy on Sector

Sri Lanka Export Development Board (EDB) undertake programme for the development and promotion of the sector in the following areas.

- Product Design & Technology Development Programmes
- Market Development programme such as organizing buyer -seller meetings (inward/outward), Trade fair participation, Solo country exhibitions, Participation at trade summits and trade forums.
- Lobby on Tariff concessions etc.
- Provide Trade facilitation services.
- Image Building programmes such as advertise in foreign magazines, inviting foreign Journalists to Sri Lanka etc.

Board of Investment (BOI)

- Facilitate to attract Foreign Direct Investment (FDI)
- Investor friendly facilities for BOI projects

Department of Commerce (DOC)

- Implementing bilateral agreements /trade agreement.
- Assistance in organizing of international trade events.

Geological Survey & Mines Bureau (GSMB)

- Surveying of raw materials
- Testing of raw materials samples
- Excavation of raw materials from the deposits
- Implementing the regulatory formalities.

Industrial Technology Institute (ITI)

- Testing of raw materials
- Research on raw materials

Table 9: Import Tariff Structures

HS Code	Item	Tariff				
		Preferential Duty	CID	VAT	PAL	CESS
Bricks						
6901.00.10	Magnesite/ Magnesite Chrome bricks	SF-5%,SD-4.5%	15%	15%	Ex	0%
6901.00.90	Other bricks, blocks tiles of siliceous fossil	AP-11.25%,SF-5%,SD-5%	15%	15%	10%	15%
6902.10.10	Refractory bricks, blocks, tiles & ceramic constructional goods; with Magnesite & Magnesite chrome bricks > 50%	SF-5%,SD-4.5%	15%	15%	10%	0%
6902.10.90	Other refractory bricks, blocks, tiles & ceramic constructional goods with Magnesite & Magnesite chrome bricks <50%	SF-5%,SD-5%	15%	15%	10%	15%
6902.90.00	Other refractory bricks, blocks, tiles, ceramic constructional goods with alumina of silica <50%	AP- 27%,SF-5%,SD-5%	30%	8%	10%	0%
Crucibles (ceramic or metal containers in which metals or other substances may be melted)						

HS Code	Item	Tariff				
		Preferential Duty	CID	VAT	PAL	CESS
6903.10.10	Crucibles with graphite/ other carbon >50%	SF-5%,SD-4.5%	15%	15%	10%	0%
6903.10.90	Other Crucibles with graphite/ other carbon >50%	SF-5%,SD-4.5%	15%	15%	10%	0%
6903.20.10	Crucibles Containing alumina or of a mixture or compound of alumina and of silica >50%	SF-5%,SD-4.5%	15%	15%	10%	0%
6903.20.90	Other crucibles of alumina or of alumina and of silica	AP - 11.25%, SF-5%,SD-4.5%	15%	15%	10%	0%
6903.90.10	Any other Crucibles	SF-5%,SD-4.5%	15%	15%	10%	0%
6903.90.90	Other refractory ceramic goods	AP- 11.25%,SF-5%,SD-4.5%	15%	15%	10%	0%
6904.10.00	Ceramic building bricks	0%	15%	15%	10%	40%
6904.90.00	Flooring blocks and filler tiles	0%	15%	15%	10%	40%
6905.10.00	Roofing tiles	SF-5%,SD-5%	15%	15%	10%	40%
6905.90.00	Chimney pots, chimney liners and architectural ornaments.	SF-5%,SD-5%	15%	15%	10%	40%
6906.00.00	Ceramic Pipes,conduits,guttering and pipe fittings	SF-5%,SD-5%	15%	15%	10%	40%
Wall tiles						
6907.21.90	Other Wall tiles	0%	15% or Rs. 110/m ²	15%	10%	50% or Rs. 735 per m ²
6907.22.10	Wall tiles with water absorption exceeding 0.5% upto 10%	0%	15% or Rs. 110/m ²	15%	10%	50% or Rs. 735 per m ²
6907.22.90	Other Wall tiles	0%	15% or Rs. 110/m ²	15%	10%	50% or Rs. 735 per m ²
6907.23.10	Wall tiles with water absorption exceeding 10%	0%	15% or Rs. 110/m ²	15%	10%	50% or Rs. 735 per m ²
6907.23.90	Other Wall tiles	0%	15% or Rs. 110/m ²	15%	10%	50% or Rs. 735 per m ²
6907.30.00	Mosaic cubes	0%	15% or Rs. 110/m ²	15%	10%	50% or Rs. 735 per m ²
6907.40.00	Ceramic & Porcelain tiles	0%	15% or Rs. 110/m ²	15%	10%	50% or Rs. 735 per m ²

HS Code	Item	Tariff				
		Preferential Duty	CID	VAT	PAL	CESS
Ceramic ware						
6909.11.00	laboratory, chemical or other technical uses Porcelain or China	SF-5%,SD-5%	15%	15%	10%	15%
6909.12.00	Ceramic Articles; hardness = 9 or more	SF-5%,SD-5%	15%	15%	10%	15%
6909.19.10	Filter Candles	SF-5%,SD-4.5%	15%	15%	15%	0%
6909.19.90	Other Filter Candles	SF-5%,SD-5%	15%	15%	10%	15%
6909.90.00	Other articles	AP - 13.05%, AD-13.05%, SF-5%,SD-5%	15%	15%	10%	15%
Sanitary ware						
6910.10.10	Squatting pans porcelain or China	AP-13% or Rs.21/= per kg	15% or Rs. 25/ kg	15%	15%	Rs. 75/kg
6910.10.90	sinks, wash basin etc, porcelain or china	0%	15%	15%	10%	Rs. 155/kg
6910.90.90	Ceramic sinks, wash basin etc,	0%	15%	15%	15%	Rs. 155/kg
Tableware and Kitchenware						
6911.10.00	Tableware and kitchenware porcelain or China	0%	15% or Rs. 30/ kg	15%	10%	15% or Rs. 180/ kg
6911.90.00	Other Household articles porcelain or China	0%	15% or Rs. 30/ kg	15%	10%	15% or Rs. 180/ kg
6912.00.10	Ceramic Tableware	0%	15% or Rs. 20/ kg	15%	10%	15% or Rs. 180/ kg
6912.00.90	Ceramic kitchenware and other household articles	0%	15% or Rs. 20/ kg	15%	10%	15% or Rs. 180/ kg
6913.10.00	Statuettes and other ornamental ceramic articles of porcelain or China	0%	0%	15%	10%	Rs. 120/kg
6913.90.10	Ornaments porcelain or China	0%	0%	15%	10%	Rs. 120/kg
6913.90.90	Other articles of porcelain or China	0%	0%	15%	10%	Rs. Rs. 120/kg
6914.10.10	Handicrafts of porcelain or China	0%	15% or Rs. 35/ kg	15%	10%	15% or Rs. 180/ kg
6914.10.90	Other articles of porcelain or China	0%	15% or Rs. 35/ kg	15%	10%	15% or Rs. 180/ kg
6914.90.10	Handicrafts other than porcelain or China	0%	15% or Rs. 30/ kg	15%	10%	15% or Rs. 180/ kg
6914.90.90	Other ceramic articles	0%	15% or Rs. 30/ kg	15%	10%	15% or Rs. 180/ kg

5. Sector Strategies

- Increase local raw material value addition
- Increase export penetration
- Reduce energy consumption
- Increase productivity
- Increase fuel efficiency
- Introduce automation and semi automation

6. Sector Goals identified with KPIs

- Increase export revenue from 130 million USD to 200 Million USD in the next 2 years
- Provide 100% of the local market requirements

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none">• Availability of raw materials such as kaolin, ball clay, feldspar, silica, quartz and dolomite locally.• The availability of highly skilled and literate work force at reasonable wages.• Availability of designers, chemists, technologists and engineers due to sound theoretical and technical Education.• Availability of supporting institutions. High ethical standards and confidentiality of design integrity.	<ul style="list-style-type: none">• Lack of brand awareness and quality recognition in the international market.• Lack of understanding of consumers• High cost of energy.• Small sector although the products manufactured are of very high quality.

9.Risks associated with proper functioning of the sector

- Energy price increases and inconsistent availability of fuel (LPgas, Furnace oil, Diesel).
- Power cuts in Sri Lanka
- Local raw material sourcing issues
- Slowdown of the construction industry which effects local tile, sanitaryware and roof tile consumption
- Reduction of people's disposable income resulting in the slowdown of Tableware, Ornamental ware sales
- Corporate tax increases which reduce future expansions and investments
- Personal tax increases
 - Promotes brain drain by experienced and qualified staff leaving the country
 - Reduction of employee motivation and efficiency

10. Challenge(s) the sector is facing due to Government rules and regulations.

- The difficulty in obtaining raw materials due to inconsistent and archaic mining policies.
- Employee retention due to high taxes, cost of living increases and political instability.
- Lack of new investments due to high corporate taxes and political instability.

11. Global Market Value and CAGR

Product	Global Market Value	CAGR
Ceramic	USD 239.53 Bn	5.2%
Porcelain	USD 239.53 Bn	6.3%
Granite	USD 19 Bn	4.0%
Ceramic Tile	USD 106.5 Bn	10.1%

