

Sector Overview - Boat Building and Allied Industries

1. Introduction

1.1 Core Business /Principle activities

- 1) Manufacturing of Pleasure Boats, Commercial Boats, Fishing Boats Sector and Military vessels
- 2) Pre-production services including boat design, lofting, plug making, mould making, and supplying of engine, navigation and communication equipment, refrigeration systems, sail makers, and fire and safety equipment.
- 3) Post-production services including boat storage and transport devices, diving and fishing equipment, boat and engine maintenance and repairs.
- 4) Ship building and ship repairing

Ship repairs for maximum capacity up to vessels with 125,000 dwt; capable of major repairs, retrofits and conversions - know-how, facilities, competencies exist for integrated work, with highly developed network of Suppliers and Service providers. All class and other Statutory Inspection, Surveys and Testing can be performed in Colombo.(Indirect Exports)

Sri Lanka is capable of design and building both Fiberglass and steel hull vessels and specializes in High Speed Patrol Boats (speeds surpassing 50 knots) built to indigenous, battle-proven designs, which had boosted the counter-terrorism capabilities of the Sri Lanka Navy. Such boats are built directly to state entities (Navies and Coast Guards) with the due cognizance of the Defense Authorities in Sri Lanka.

Similar technologies are used for commercial vessels, especially in regard to high-speed passenger transportation etc. Sri Lanka specializes in Offshore Energy Sector Support Vessels; i.e. for Offshore Oil & Gas Industry and Offshore Wind Energy-related support vessels. Another area of focus and success is vessels for Passenger transportation. Work Boats and Harbour Craft is yet another area of competence.

1.2 Sector Vision

To make Sri Lanka's boat and ship building industry a most prominent foreign exchange earning industry utilizing the widely available resources in the country and make Sri Lanka a hub for nautical tourism in the Asian region

1.3 Sector Mission

Using ultra-modern technology capturing the key opportunities exist not only in boat manufacturing but also in creating links with other sectors to service the complete boat building value

1.4 Subsectors

- 1) Pleasure boats sector
- 2) Commercial boats sector
- 3) Work Boats
- 4) Passenger Boats
- 5) Fishing boats sector
- 6) Naval & Coast Guard Vessels
- 7) Pre and Post production services sector
- 8) Ship building and ship repairing sector

1.5 Institutions operating under the subsectors

	Name of the company	Website
01	Sri Lanka Navy	www.navy.lk
02	Cey-Nor Foundation Ltd.	www.ceynor.com
03	Colombo Dockyard PLC	www.cdl.lk
04	Walkers Colombo Shipyard	www.walkersshipyards.com
05	Neil Fernando & Company (Pvt)Ltd	www.neilmarine.com
06	Dhanusha Marine Lanka (Pvt) Ltd	www.dhanushamarine.com
07	Dhanusha Marine Lanka Exports (Pvt) Ltd	www.dhanushamarine.com
08	North Sails Lanka (Pvt)Ltd.	www.northsails.com
09	BAFF Polymech (Pvt)Ltd	www.baf.lk
10	sail lanka charter (Pvt) Ltd	www.sail-lanka-charter.com
11	Jostein Viksund Design & Mod.Cen (Pvt)Ltd	www.viksundasia.com
12	Solas Marine Lanka (Pvt) Ltd	www.solasmarine.com
13	Sealanie Boat Yard (Pvt) Ltd	www.sealanieboatyard.com
14	AJ Fishing Industries (Pvt) Ltd	www.ajfishing.com
15	North West Marine Lanka (Pvt)Ltd	www.northwestmarineboat.com
16	Silver Marine	
17	Paramount Rectagg (Pvt) Ltd	www.paramountrectagg.com
18	Lihini craft boat yard	
19	Harsha Boat Yard	
20	Chalana Boat Yard	
21	Seram Marine	
22	Ranil Marine	
23	Vihanga Marine	
24	Fathima Marine	
25	Christina Marine	
26	St. Roge Marine	
27	VJ Boat Yard	
28	Chandana Marine	

29	Anna Marine	
30	Seychell Marine	
31	Diyakawa Marine	
32	Chamod Marine	
33	Newdula Marine	
34	Sindaththri Boat Yard	
35	Kumari Marine	
36	Silver Marine	
37	Searm Marine	
38	Nethra Marine	
39	Thilini Marine	
40	Suranjan Marine	
41	Kiyas Marine	
42	Arogya Marine	
43	Senal Marine	
44	Lighthouse Marine	
45	Dinishiya Marine	
46	Ane Rashmi Marine	
47	New Adjusmin Boat Yard	
48	Jensika Marine	
49	Anna Marine	
50	Alzimiz BoatYard	
51	Meril Marine	
52	Hayuru Naval Craft	
53	Blue Star Marine	
55	Nandani Boat Yard	
56	Baramundy Boat Yard	
58	PIO Marine	

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

- Active boat yards - 76
- Direct employment - + 5000
- Indirect employment - +15,000

1.7. Contribution to GDP by the Sector- 0.15%

2. Production and Consumption

2.1. Product types

- 1) Pleasure boats sector – Luxury sailing and motor yachts, speed cruisers, sports vessels, Kayaks, paddle boats
- 2) Commercial boats sector–passenger vessels, work boats, general purpose

- vessels, house boats, floating restaurants
- 3) Fishing boats sector – fishing boats, fisheries research vessels
 - 4) Naval & Coast Guard Vessels-fast attack crafts,surveillance vessels,sea cadet training vessels,rescue crafts, patrol boats,coast guard vessels
 - 5) Ships
 - Capable of design and building both Fiberglass and Steel hull vessels
 - Specializes on High Speed Patrol/Coast Guard Boats (with speed surpassing 50k nots)built to indigenous, proven designs
 - Technologies to build highly sophisticated off shore support vessels, operated in the Off shore Oil & Gas Industry and Off shore Wind Energy fields
 - Building of Cable Laying Vessels for laying of sub-sea telecommunication and power cables worldwide
 - Capability to build SOLAS class Passenger Vessels
 - Commercial Cargo and Chemical carrying Vessels using emerging propulsion technologies
 - Work Boats and Harbour Crafts for ports and other uses

2.2. Required raw materials needed to be imported

- Fiberglass Raw Materials (UPR Resins, Mat/ Roving/Core Mat, Catalysts, Pigments, Marine Paints, Antifouling, Gelcoats, Accelerators, Adhesives, Marine compounds.
- Accessories used in FRP boat manufacturing)
- Catalyst Dispenser
- Chemical filter bags
- Paint rollers
- Marine Fittings
- Boat Accessories
- Marine Engines, generator and other mechanical items

2.3. Raw material wastage (%)

10%

3. Turnover

3.1. Export earnings

USD 37.81 Mn (2021)

Table 1: Export Earnings

		(Value in USD-Mn)					
Code	Description	2016	2017	2018	2019	2020	2021
H.8901	Cruise ships, excursion boats, ferry boats, cargo ships, barges and similar vessels for the transport of persons or goods	51	71.5	23.8	3.7	0.69	32.87
H.8903	Yachts and other vessels for pleasure or sports; rowing boats and canoes	10.46	22	0.72	1.25	1	3.55
H.8902	Fishing vessels; factory ships and other vessels for processing or preserving fishery products	1.82	1.81	2.15	1.25	0.62	1.30
H.8906	Other vessels, including warships and lifeboats other than rowing boats	1.47			0.09	0.08	0.08
H.8907	Other floating structures (for example, rafts, tanks, cofferdams, landing stages, buoys and beacons)	0.02	...	0.05	0.69		0.01
H.8905	Light vessels, floating docks; floating or submersible drilling or production platforms		0.77	0.02	58.5	0.01	
H.8904	Tugs and pusher craft	0.01	1.01				
	Total:	64.8	97.0	26.7	65.4	2.39	37.81

3.2. Export destinations

Table 2: Export destinations

USD - Millions

Description	2015	2016	2017	2018	2019	2020	2021	2022 (January To October)
Selected Products	63.01	64.76	97.01	26.73	65.43	2.39	37.81	16.6
Norway	0.08	0.05	0.24	0.62	0.44	0.73	0.88	10.14
Maldives	0.12	0.42	10.09	0.2	0.7	0.1		1.87
United Arab Emirates	1.2	1.12	0.87	0.36			0.07	1.31
India	57.76	34.09	11.82	0.01	0.21	0.01	0.93	0.98
France	0.05			0.42	0.11	0.28	0.84	0.64
Netherlands	1.29	0.56	0.41	0.06	0.54	0.8	0.82	0.6
Mauritius			0.04	0.13	0.22		0.19	0.43
Seychelles	1.37	1.08	0.87	0.49	0.73	0.39	0.19	0.3
Finland							0.03	0.08
Denmark						0.01	0.04	0.08
Canada				0.03	0.02	0.02	0.08	0.05
Germany				0.05	0.07		0.12	0.05
Sweden					0.06		0.04	0.04
Oman			0.36					0.02
New Zealand						...	0.02	0.02
Iraq							31.88	
Kenya					0.39		1.3	
Madagascar			0.2	0.22			0.27	
Tanzania, United Republic of				0.05	0.15	0.01	0.06	
United Kingdom	0.02			0.09	0.94		0.04	
Hong Kong							0.01	
Thailand					1.34		...	
Marshall Islands							...	
Australia	0.05				0.01		...	
Japan					58.46		...	
Somalia	0.11		0.17		0.03		...	
Korea South (Korea, Republic of)			0.02	0.08	0.02	0.04		
French Polynesia					0.97			
Italy					0.01			
Qatar				0.05	0.01			
Singapore		25.3	70.96	22.82				
Mozambique				0.63				

Congo				0.16				
Uganda				0.16				
Philippines				0.04				
Djibouti			...	0.04				
Bangladesh		0.02		0.02				
Not Specified			0.44					
Comoros		0.74	0.35					
Barbados			0.15					
Malaysia			0.01					
China		0.19	...					
Nigeria		1.17						
Kuwait	0.94							
Mali	0.02							
Malta	0.01							
East Timor	...							
Total :	63.01	64.76	97.01	26.73	65.43	2.39	37.81	16.6

4. Government Policy on Sector

The sector has also been identified as one of the key visionary sectors in the National Export Strategy 2018-2022 for Sri Lanka.

Having identified the potential, the Boat Building industry has to contribute to the export earnings, the National Budget 2018 allocated funds to;

1. Establish necessary infrastructure facilities required for the boating industry
2. Develop a regulatory framework covering the entire value chain of the industry (excluding fishing boats).

EDB initiated work related to the implementation of above 02 budget proposals. Completed the development of Regulatory Framework for the sector and handed over to the implementing agencies; Ministry of Ports & Shipping and Ministry of Industries.

Feasibility Study on construction of water Break at Kapparithota(Weligama) completed and Environmental Impact Assessment (EIA) is being done. Once the EIA completed project will be handed over to the Ministry of Fisheries for implementation.

5. Sector Goals identified with KPIs

- Record over USD 200 million export revenue in 2030 in boat and ship building industry
- Creation of more than 20,000 direct employment opportunities in 2030
- Attract more number of boat builders who are mostly produce fishing boats to manufacture yachts and ship related services by providing the right knowledge. At the same time use this strategy to generate more revenue.

6. SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • The Strategic location of the country • Island surrounded by the sea • Potential to host international yachting and nautical tourism events • Proven expertise in manufacturing quality products • State of the art training center • Growing interest in boating activities in Sri Lanka • Rapid development in port related constructions • Modernization and development of the Fisheries industry <ul style="list-style-type: none"> • Skilled Labor 	<ul style="list-style-type: none"> • Lack of infrastructure facilities including low overhanging telephone lines • Slow technological transfers • Lack of marina infrastructure in the country to test products and for launching & berthing (Beruwala, Negambo and welipatanvilla) • Absence of permanent skilled work force as they are seeking better salary jobs in overseas. • Cumbersome and inappropriate registration procedure (yachts locally registered or foreign owned, should have a freedom to move freely everywhere in the country) • Lack of regulations & rules • Lack of infrastructure facilities to dispose the fiber waste.

Opportunities	Threats
<ul style="list-style-type: none"> • R&D And Product Development Facilities Available – Boat Building Technology Institute(GTE)Ltd.(BTI) • Universities <ul style="list-style-type: none"> ▪ Colombo International Nautical & Engineering Collage(CINEC) ▪ Maritime Campus ▪ University of Moratuwa ▪ Ocean University of Sri Lanka 	<ul style="list-style-type: none"> • Employee migration to overseas(Maldives, Dubai, Australia, etc) • We couldn't compete with the prices of China and India. • Increment of the boat importing to the Sri Lanka.

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

1. Lack of Launching Facilities required for launching a vessel
Locations – Beruwal \ Negambo \ Welipatanvilla
2. Low Overhanging telephone & electric lines
3. High interest rates charged by banks
4. Unserviceable vessels anchored in fishing harbors
5. Absence of strategies to develop the nautical tourism industry in Sri Lanka
6. Lack of certificates required for foreign market

11. Global Market Value - USD 32.23 Bn (2022)

12. CAGR - 7.8%