

Sri Lanka

An overview of the economy and of the business environment



Volleyball is more than just a sport in Sri Lanka—it is a cultural emblem and the official national sport since 1991. Introduced in 1916 by R.W. Camack at the Colombo YMCA, volleyball quickly spread across the island due to its simplicity and affordability. Today, it is deeply rooted in Sri Lankan society, played in schools, universities, and rural communities, and featured prominently during cultural festivals and local celebrations.

The sport's popularity stems from its accessibility. Unlike cricket, which requires specialized equipment and larger spaces, volleyball can be played on beaches, open fields, or makeshift courts, making it a favorite pastime in both urban and rural areas. The National Volleyball Championship remains the most prestigious event, while international tournaments hosted in Sri Lanka have further elevated the sport's profile.



Economically, volleyball contributes in several ways. Sports tourism benefits from regional and international tournaments, which attract athletes, officials, and fans, boosting hospitality, transport, and local businesses. The sport also drives employment opportunities in coaching, refereeing, event management, and facility maintenance. Investments in infrastructure—such as indoor courts and training centers—stimulate local economies and create long-term assets.

Additionally, the volleyball equipment market is growing, with increasing demand for balls, nets, and apparel driven by school programs and community-level participation. Grassroots initiatives also play a role in community development, promoting youth engagement, reducing unemployment, and fostering social inclusion.

Despite these contributions, volleyball faces challenges such as limited sponsorship, low media coverage, and competition from cricket. However, with strategic investment in sports tourism, broadcasting rights, and international partnerships, volleyball has the potential to become a stronger economic driver for Sri Lanka.

In essence, volleyball in Sri Lanka is not only a beloved national sport but also a tool for cultural unity and economic growth. Its influence extends beyond the court, shaping communities and contributing to the nation's socio-economic development.

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These contributions gain greater relevance when viewed against Sri Lanka's current economic context. After enduring its worst financial crisis in 2022, marked by debt default, foreign exchange shortages, and soaring inflation, the country is now on a recovery path. In 2025, Sri Lanka's economy is projected to grow by around 3.5% to 4.5%, supported by structural reforms under an IMF program, improved fiscal discipline, and a rebound in tourism, manufacturing, and services. Inflation has stabilized, unemployment has dropped to under 4%, and foreign reserves have been rebuilt to over six billion US dollars, signaling restored macroeconomic stability. However, challenges remain, including high poverty rates and vulnerability to external shocks such as global trade disruptions and geopolitical risks. In this environment, sectors that promote inclusive growth—such as sports and tourism—are increasingly important.



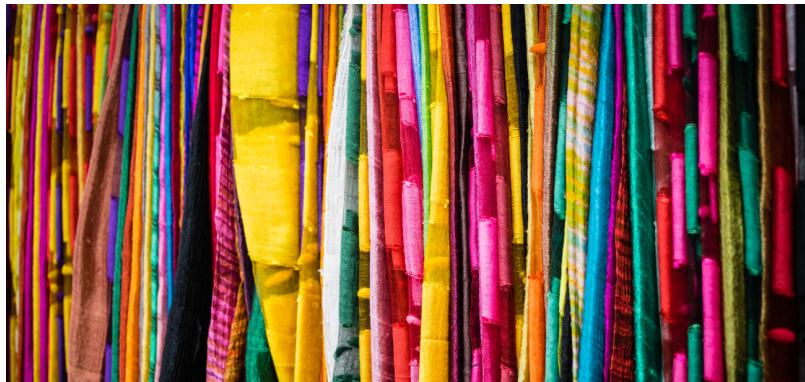
The structure of Sri Lanka's economy is dominated by the tertiary sector, which accounts for approximately 61–62% of GDP, followed by the secondary sector at about 30%, and the primary sector contributing around 7–8%. Each sector plays a distinct role in shaping the country's economic trajectory.

The primary sector, despite its relatively small share of GDP, remains vital for employment and food security. Agriculture, forestry, and fisheries together contribute about 7–8% of GDP, with rice, tea, coconuts, rubber, and spices as key crops. Tea remains a major export earner, while fisheries and livestock production are important for domestic consumption. The sector faces challenges such as climate variability, productivity constraints, and the lingering effects of past policy missteps like the fertilizer ban in 2021. However, modernization initiatives and diversification into high-value crops aim to enhance competitiveness.



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The secondary sector contributes roughly 30% of GDP and is a critical driver of industrial growth and exports. Manufacturing dominates this sector, with textiles and apparel leading as the largest foreign exchange earners, accounting for over two-thirds of total exports.

Other significant industries include rubber-based products, processed tea, tobacco, and emerging segments like construction materials and chemicals. The construction industry, buoyed by infrastructure projects and urban development, has shown strong growth, while energy and mining activities, including graphite and mineral sands, add to industrial output. Recent policy reforms and improved access to credit have supported a rebound in industrial activity, which grew by nearly 6% in mid-2025, driven by manufacturing and construction.

The tertiary sector is the backbone of Sri Lanka's economy, contributing over 60% of GDP and encompassing services such as trade, transport, finance, ICT, and tourism.

Tourism, in particular, has staged a strong comeback, supported by improved connectivity and marketing campaigns, generating foreign exchange and employment. Financial services and digital economy initiatives are expanding rapidly, with the government targeting \$15 billion in digital economy output by 2030 through investments in fintech, AI, and e-commerce platforms. Wholesale and retail trade, logistics, and hospitality remain major contributors, while IT and business process outsourcing (BPO) services are emerging as growth engines, positioning Sri Lanka as a regional hub for technology and innovation.



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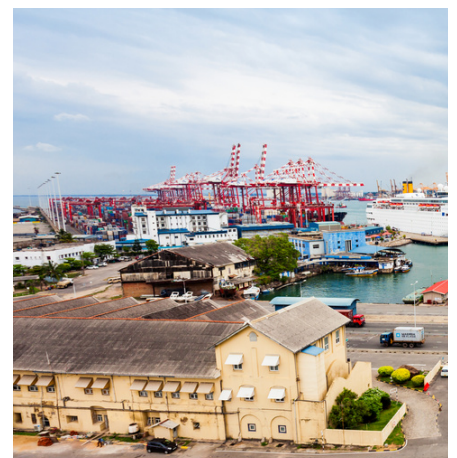


Despite these positive trends, structural challenges persist. The economy remains vulnerable to external shocks, including global commodity price fluctuations and geopolitical risks in the Indian Ocean region. High public debt, though reduced from crisis levels, still exceeds 100% of GDP, requiring continued fiscal discipline. Poverty reduction and job creation in rural areas remain priorities, as the benefits of growth are unevenly distributed. To address these issues, Sri Lanka is focusing on export diversification, integration into global supply chains, and sectoral policies that promote sustainable agriculture, niche manufacturing, and service-sector innovation.



In summary, Sri Lanka's economy in 2025 is characterized by resilience and cautious optimism. The primary sector sustains livelihoods and food security, the secondary sector drives industrialization and exports, and the tertiary sector anchors growth through services, tourism, and digital transformation. With continued reforms, strategic investments, and inclusive policies, Sri Lanka aims to consolidate its recovery and position itself as a competitive, diversified economy in South Asia.

Trade plays a critical role in Sri Lanka's economy. In 2024, exports were valued at about \$12 billion, while imports reached \$18.4 billion, resulting in a trade deficit of over \$6 billion. The top export commodities include apparel and clothing accessories (both knit and non-knit), which together account for nearly 39% of total exports, followed by tea and spices (about 15%), rubber products, precious stones, and fish. The United States is the largest export destination, purchasing about 24% of Sri Lanka's exports, followed by the United Kingdom, India, Germany, and Italy. Other notable markets include the Netherlands, UAE, Canada, France, and China.



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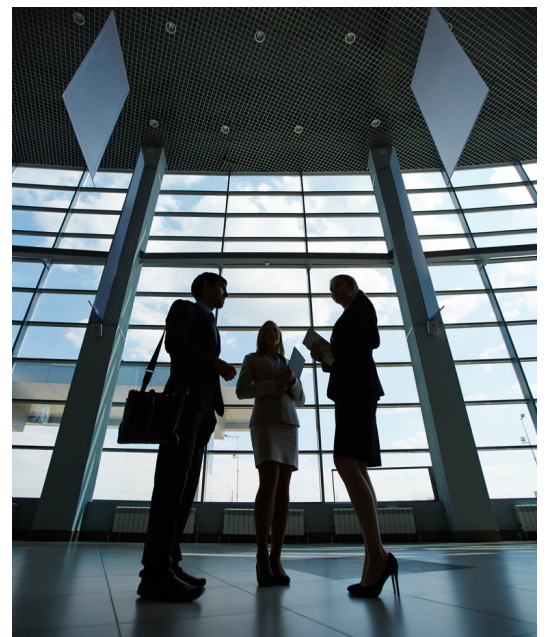


On the import side, Sri Lanka relies heavily on mineral fuels and oils, which represent nearly 25% of total imports, followed by machinery, electrical equipment, textiles, pharmaceuticals, plastics, cotton, and iron and steel. The top import partners are India (about 19.5% of imports), China (18.9%), and the United Arab Emirates, with Singapore and Malaysia also playing significant roles. Other suppliers include the United States, Indonesia, and Oman.

Despite improvements, Sri Lanka continues to face a persistent trade deficit, which stood at \$580 million in July 2025, though this reflects a narrowing trend compared to previous years. Exports grew by 15.2% year-on-year, driven by agricultural products like tea and industrial goods, while imports rose by 8.5%, mainly due to higher demand for consumer and investment goods.

In summary, Sri Lanka's economy in 2025 is marked by resilience and cautious optimism. The primary sector sustains livelihoods and food security, the secondary sector drives industrialization and exports, and the tertiary sector anchors growth through services, tourism, and digital transformation. With continued reforms, strategic investments, and export diversification, Sri Lanka aims to consolidate its recovery and position itself as a competitive, diversified economy in South Asia, while managing its trade deficit and leveraging strong partnerships with the United States, India, China, and Europe.

When doing business in Sri Lanka, having access to reliable and up-to-date business information is essential for minimizing risk and making informed decisions. The country's dynamic economic environment, combined with regulatory complexities, makes it crucial to verify company data, financial stability, and compliance before entering partnerships or extending credit. This is where SkyMinder stands out as the ideal solution. Unlike generic databases, SkyMinder partners with the best local information providers, ensuring that the data you receive is accurate, comprehensive, and aligned with local market and it delivers the insights you need to confidently expand your business in Sri Lanka and beyond.



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All SkyMinder Full Reports include the following information (if available at local sources):

- Complete company identification details: correct company name, adresse(s), contact details such as phone, fax, email, webs, etc.
- Company registration details: our local providers try to access local registries and to get registration number, company id, fiscal code, and any information that can be retrieved at the local registry
- Directors and company structure: board of directors, shareholders and related companies
- Financials: balance sheet and profit and loss (if available and if companies is willing to disclose them during the interview).
- Credit rating and suggested credit limit
- Number of employees
- Activity details: sector and industry of the company, when possible also information on import and export activities.
- Negative information on the company
- Banks information

SkyMinder Executive Reports include all the information from the Full Report, plus an AI-generated executive summary that highlights the key data influencing the company's credit situation.

In addition to the Full Report and Executive Reports, which provide complete details on Sri Lankan companies, SkyMinder also offers other types of reports designed to give you an in-depth and comprehensive understanding of your business partners:

- Compliance Check Report and Extended Check Report: Access the LexisNexis Risk Solutions platform through SkyMinder to verify whether a business partner is involved in financial crimes, bribery, corruption, or money laundering activities.
- Cyber Risk Report: Based on tests performed on a company's website, related domains, and emails, this report helps you assess whether a current or potential partner is vulnerable to cyberattacks.
- Company Registries and LEI Documents: Official documentation to validate company identity and legal standing.

Sources: <https://thesrilanka.lk>; <https://sportsfoundation.org>; <https://www.newswire.lk>; <https://www.6wresearch.com>; <https://economynext.com>; <https://www.news.lk/>; <https://www.cbsl.gov.lk/>; <https://www.worldbank.org/>; <https://www.imf.org>; <https://www.adaderana.lk>; <https://thefinancialanalyst.net>; <https://www.adb.org/>; <https://www.worldstopexports.com>; <https://tradingeconomics.com>; <https://oec.world>.