The Ceylon Chamber of Commerce

EIU
Economic Intelligence Unit of The Ceylon Chamber of Commerce

EXPORT BAROMETER SURVEY

Findings and Insights Report- February 2026

Overview of Survey Respondents

Key Insights

This report is the 7th edition in the Export Barometer Survey series, succeeding the inaugural report launched after the survey conducted in August-September 2021. Based on the insights gathered from 90 exporters of goods and services and 10 key informant interviews, this report presents a comprehensive outlook for the export sector 2026. It also sheds light on strategies employed by companies in navigating challenges arising from the economic crisis. A total of 100 exporters took part in the 2025 survey, with 38 responses form SMEs and 52 responses from large firms.

1 Export Performance strengthened in 2025 despite supply chain disruptions

54% of firms reported increased export revenue compared to 2024, while only 14% recorded declines. Improvements were uneven: large firms experienced better input availability (63%) than SMEs (43%). Export growth was driven by a mix of manufacturing (textiles, apparel) and agricultural sectors (tea, spices, coconut).

2 Rising Cost pressures, logistics constraints, and regulatory inefficiencies remain the dominant pain points

Top challenges included supply chain disruptions, utility price hikes, financial constraints, high cost of transport and logistics and domestic regulatory barriers. Firms highlighted supply-chain disruptions, policy uncertainty, and difficulties in trade facilitation as persistent bottlenecks affecting competitiveness.

3 New market expansion and trade agreements are becoming central to the Export Strategy

55% of respondents identified new export markets, and 80% view FTAs as important for future growth. For 2026, 98% expect to enter new international markets, with Europe and Asia emerging as the top target regions. Exporters see market diversification, product innovation, and buyer expansion as essential for resilience.

4 Climate events and structural talent gaps are emerging as systematic risks

Cyclone Ditwah caused significant agricultural damage ,supply-chain disruptions, and production delays, with temporary shifts from exports to domestic markets. Apparel sector impacts were mainly operational and community-related but recovered quickly. Labour shortages intensified: 65% of large firms reported a rise in skilled migration, particularly in food/beverage and textiles, raising productivity concerns.

5 Digital adoption, sustainability and policy reform are key enablers for competitiveness

Over half of firms use digital tools for export operations, with social media being the dominant channel for market outreach. Sustainability practices are strengthening across all sectors, particularly agriculture, apparel, and seafood, driven by global buyer requirements and compliance pressures. Exporters emphasise the need for streamlined, digitised border processes, an integrated National Single Window, skills development, and regulatory stability to remain competitive.

Firm Type & Sectors

90

Exporters Participated in the Survey

SMEs	LARGE FIRMS

38

52

10

Key Informant Interviews (KIIs)

Sectors Covered

- Apparel
- Agriculture
- IT/BPO
- Sea Food

Firm Location and Respondents' Profile

74% of the firms are in the Western Province

Colombo
58%

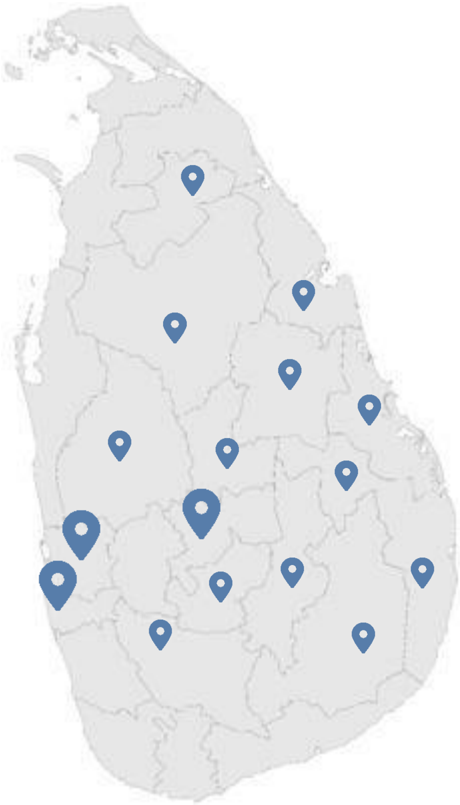
Kandy
16%

Gampaha
14%

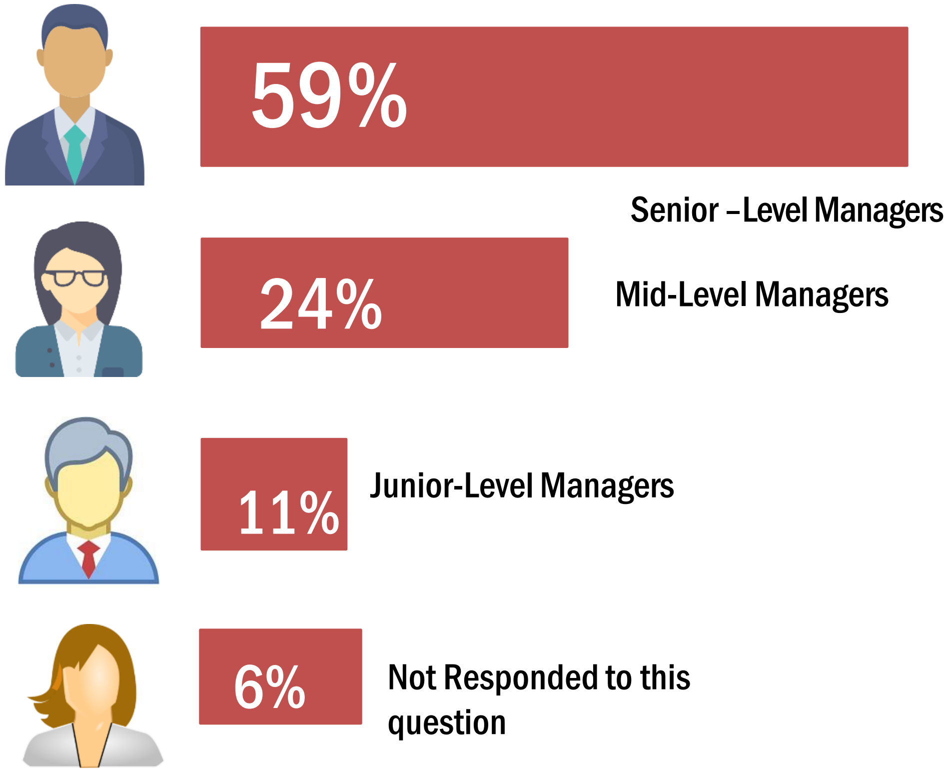
Badulla
2%

Matale
2%

Other Districts
8%



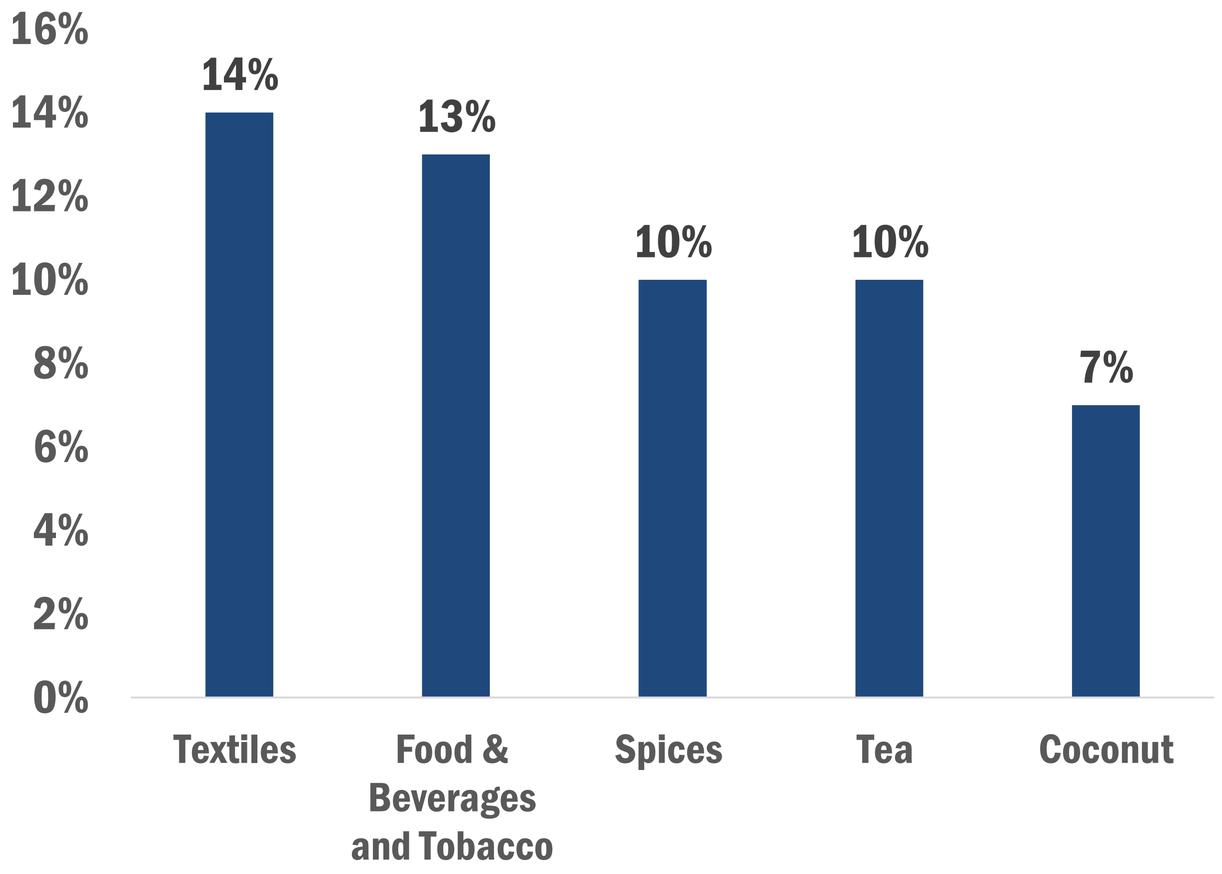
59% of respondents were **Senior-Level Managers** & Leaders while **35%** were **Mid to Junior** level positions.



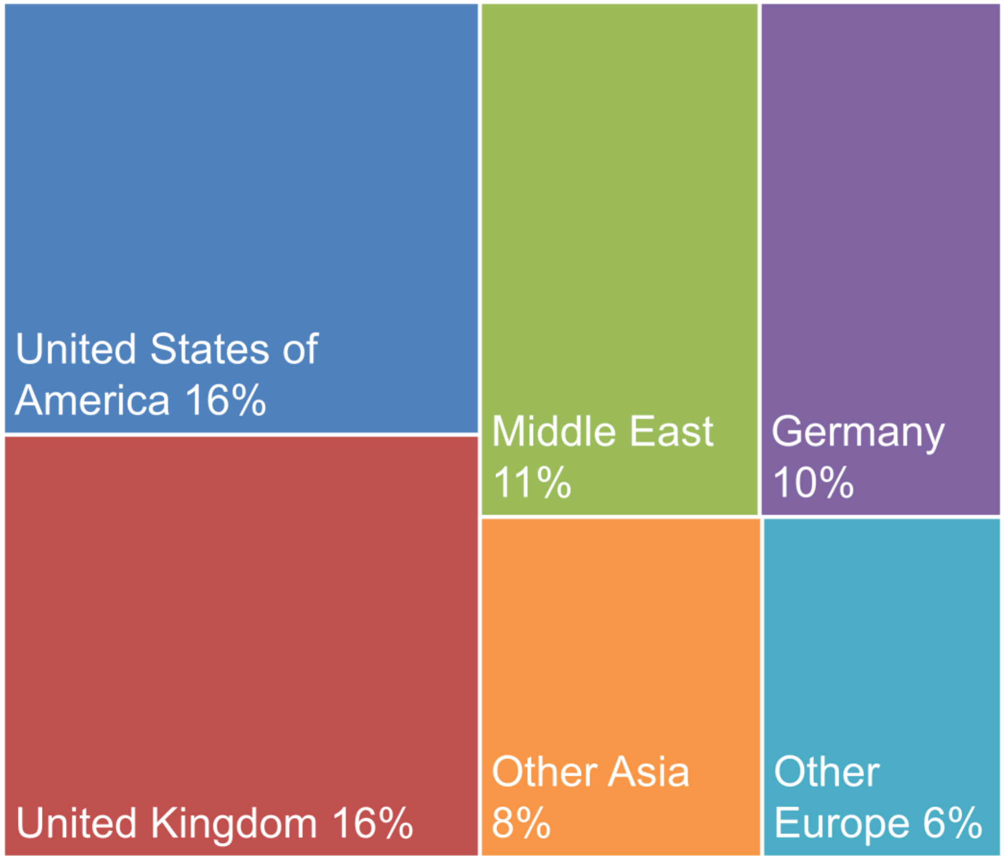
Findings and Insights

Top 05 Sectors and Export Markets

The top 05 export sectors consisted of a balanced mix of manufacturing and agriculture-based firms.



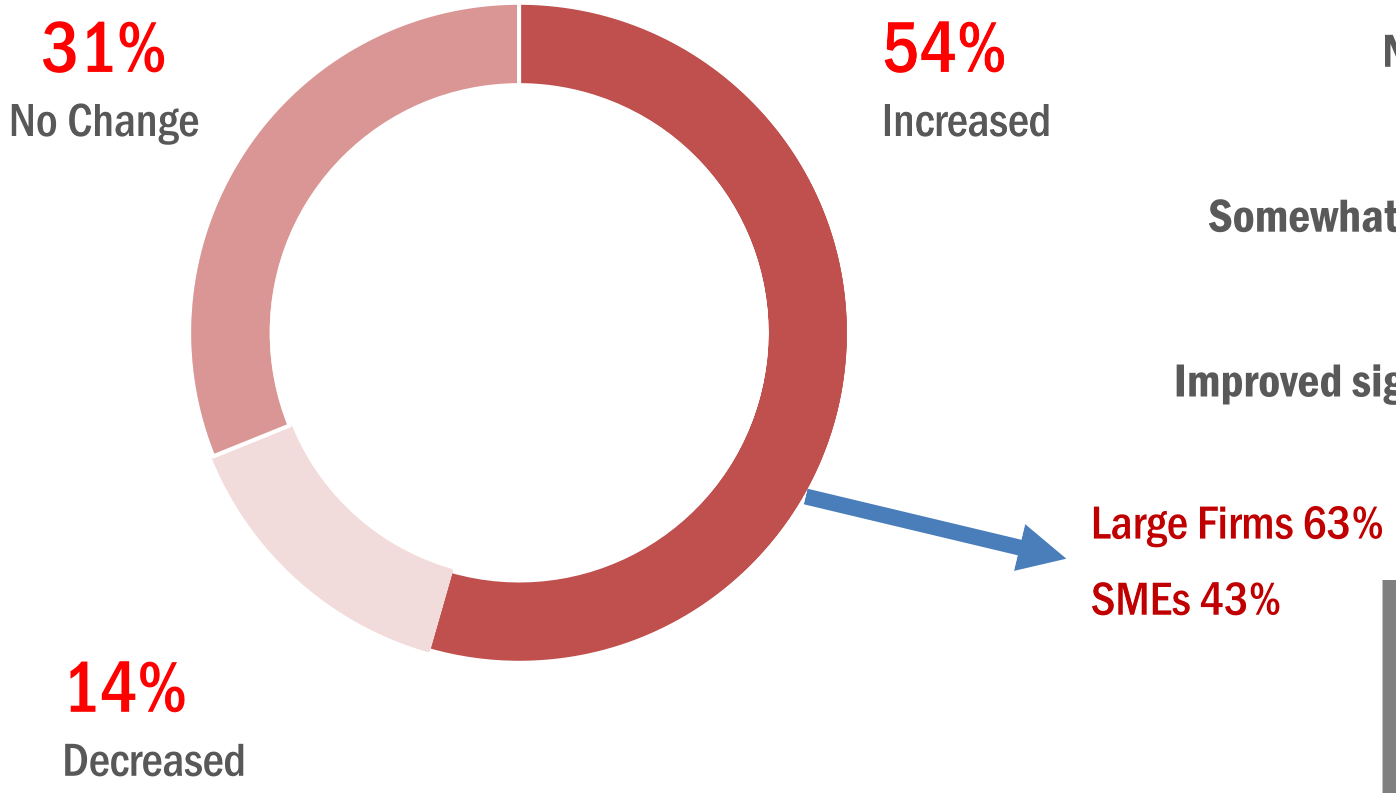
Top Export Markets in 2025



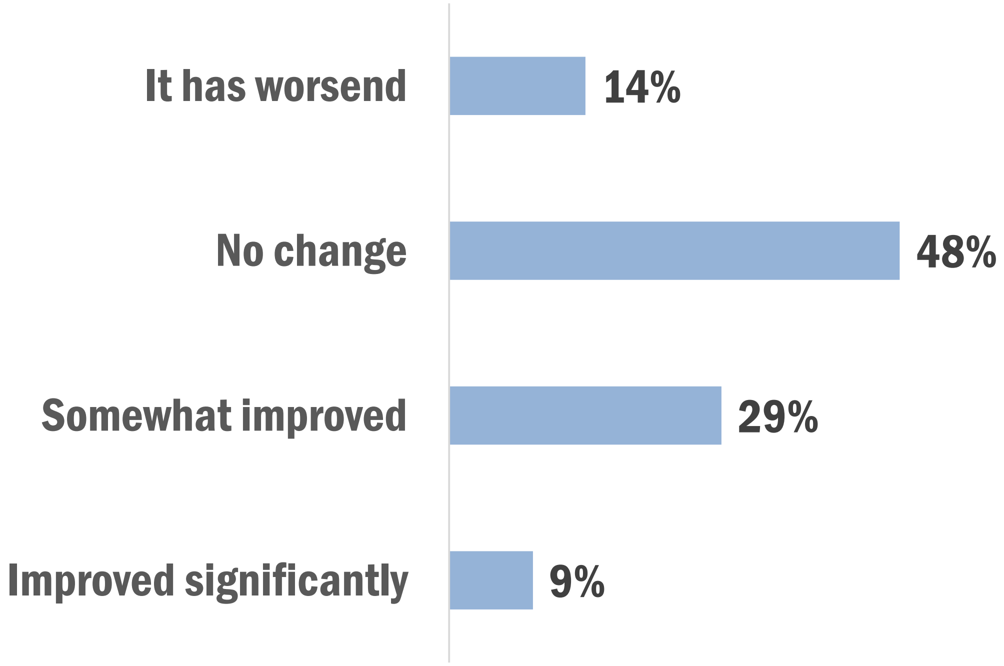
Export Business Performance and Challenges Faced During 2025

Export Performance in 2025

Almost half of the firms saw a rise in export revenue in 2025, compared to 2024.



AVAILABILITY OF INPUTS IN 2025



54% percent of respondents reported that their export revenue increased in 2025, and among them, 63% were large firms while 43% were SMEs.

Challenges faced in 2025

Top 5 Challenges

Supply Chain Disruptions

Increase in Utility Prices

Insufficient Operational Cash Flow

Cost of Transport and Logistics

Domestic Regulatory Barriers

Qualitative feedback on challenges they are facing,

- Cost pressures and financial constraints
- Logistics, trade facilitation and infrastructure bottlenecks
- Regulatory and policy uncertainty
- Supply chain vulnerabilities and sourcing risks
- Global market competitiveness and strategic constraints
- Climate, environmental and disaster vulnerabilities
- Talent and skill gaps
- Sustainability and compliance pressures

Challenges faced in 2025 – Detailed Qualitative Feedback

1. **Cost Pressures & Financial Constraints: Across sectors, rising costs and limited liquidity constrain competitiveness and profitability.**

• Agriculture & Seafood: Rising input costs (labour, fuel, raw materials), cash flow pressures, high working capital needs.
• Apparel & IT/BPM: Price volatility in raw materials and essential equipment, VAT and taxes, exchange rate fluctuations, operational cost pressures.

2. Logistics, Trade Facilitation & Infrastructure Bottlenecks: Inefficient logistics and infrastructure reduce reliability, increase costs, and affectmarket access.

• Agriculture & Apparel: Port congestion, shipping delays, lack of cold storage, poor road infrastructure.
• Seafood: Delays in import/export approvals, inefficient quarantine processes, lengthy approval timelines.
• IT/BPM: Limited connectivity, power outages, inadequate digital infrastructure.

3. Regulatory & Policy Uncertainty: Regulatory uncertainty increases operational risk and requires firms to constantly adapt to evolving rules.

• All sectors: Unpredictable regulations, shifting compliance standards, sustainability requirements, inconsistent enforcement, policy delays.

4. Supply Chain Vulnerabilities & Sourcing Risks: Supply chains are fragile, making sectors vulnerable to external shocks and limiting resilience.

• Agriculture & Seafood: Raw material shortages, limited supplier diversification, post-harvest losses.
• Apparel: Dependence on imported fabrics, volatile supplier networks.
• IT/BPM: Equipment shortages, reliance on foreign tech solutions.

Challenges faced in 2025 – Detailed Qualitative Feedback

5. Global Market Competitiveness & Strategic Constraints: Sri Lankan industries face structural challenges in competing globally, oftenneeding differentiation, value addition, and innovation.

• Agriculture & Seafood: Competition from lower-cost producers, tariff dependencies, over-reliance on primary exports.
• Apparel & IT/BPM: Geopolitical tensions, regional competitors, limited scale, difficulty in market positioning.

6. Climate, Environmental, & Disaster Vulnerabilities: Natural hazards and environmental vulnerabilities impact production continuity andrequire risk management and resilience planning.

• Agriculture & Seafood: Climate change, cyclones, floods, water scarcity.
• Apparel: Supply chain disruption due to weather events affecting raw material sourcing.
• IT/BPM: Minor disruptions (power, connectivity), but indirect risks to operations and school infrastructure.

7. Talent & Skills Gaps: Across sectors, aligning workforce skills with evolving industry demands is critical for competitiveness.

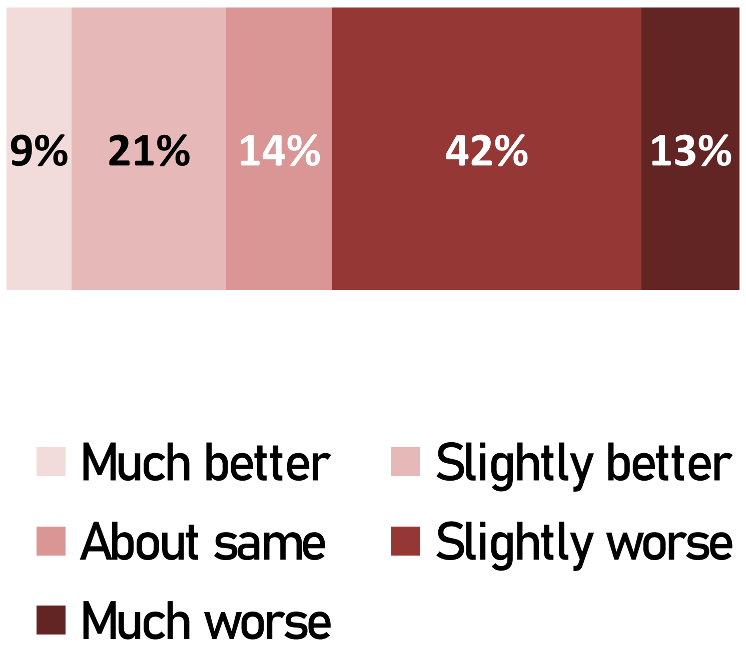
• IT/BPM & Apparel: Graduates lacking industry-specific skills, need for adaptive training.
• Agriculture & Seafood: Labour mobility challenges during crises, need for technical know-how.

8. Sustainability & Compliance Pressures: Meeting global sustainability standards is no longer optional; it has become a prerequisite formarket access and a source of competitive advantage.

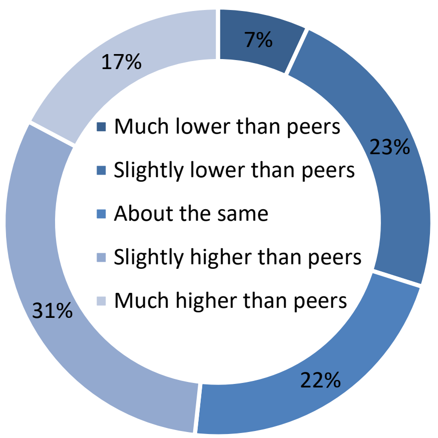
• Apparel, Agriculture, Seafood: Increasing traceability, ESG, and sustainability requirements (EU regulations, ethical sourcing, low-carbonpractices).

Investment Climate

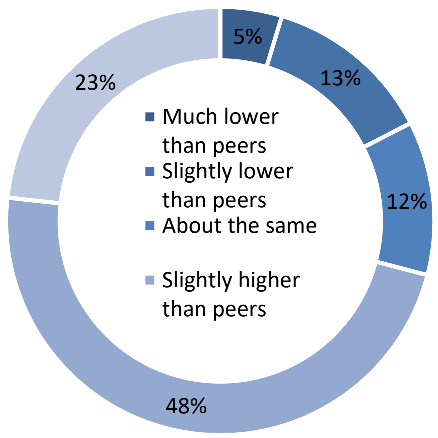
How Does Sri Lanka Compare to Regional Peers for New Investment?



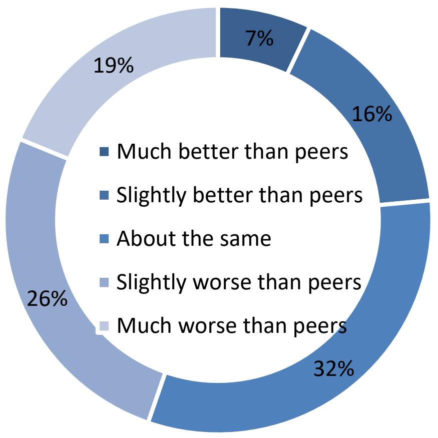
Labour Cost



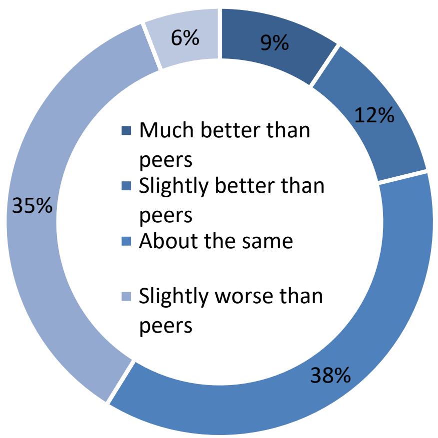
Energy Cost



Regulatory Ease/ Trade Openness



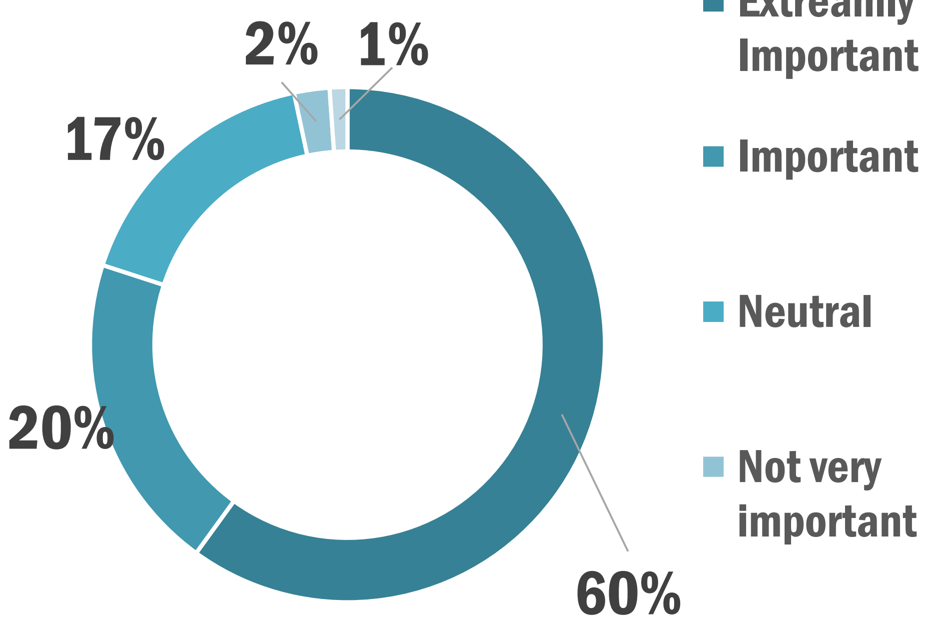
Infrastructure & Logistics



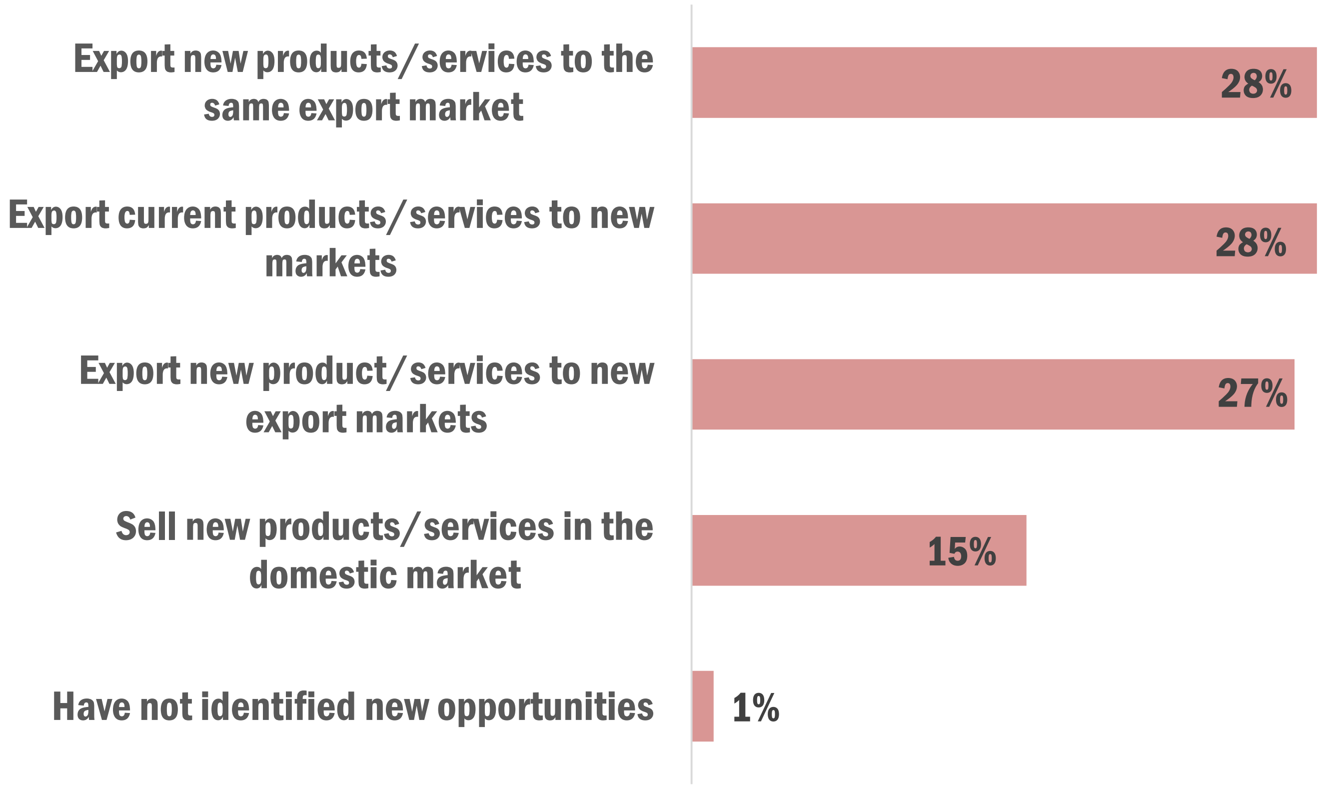
Export Opportunities, and Facilitation Required

New Opportunities

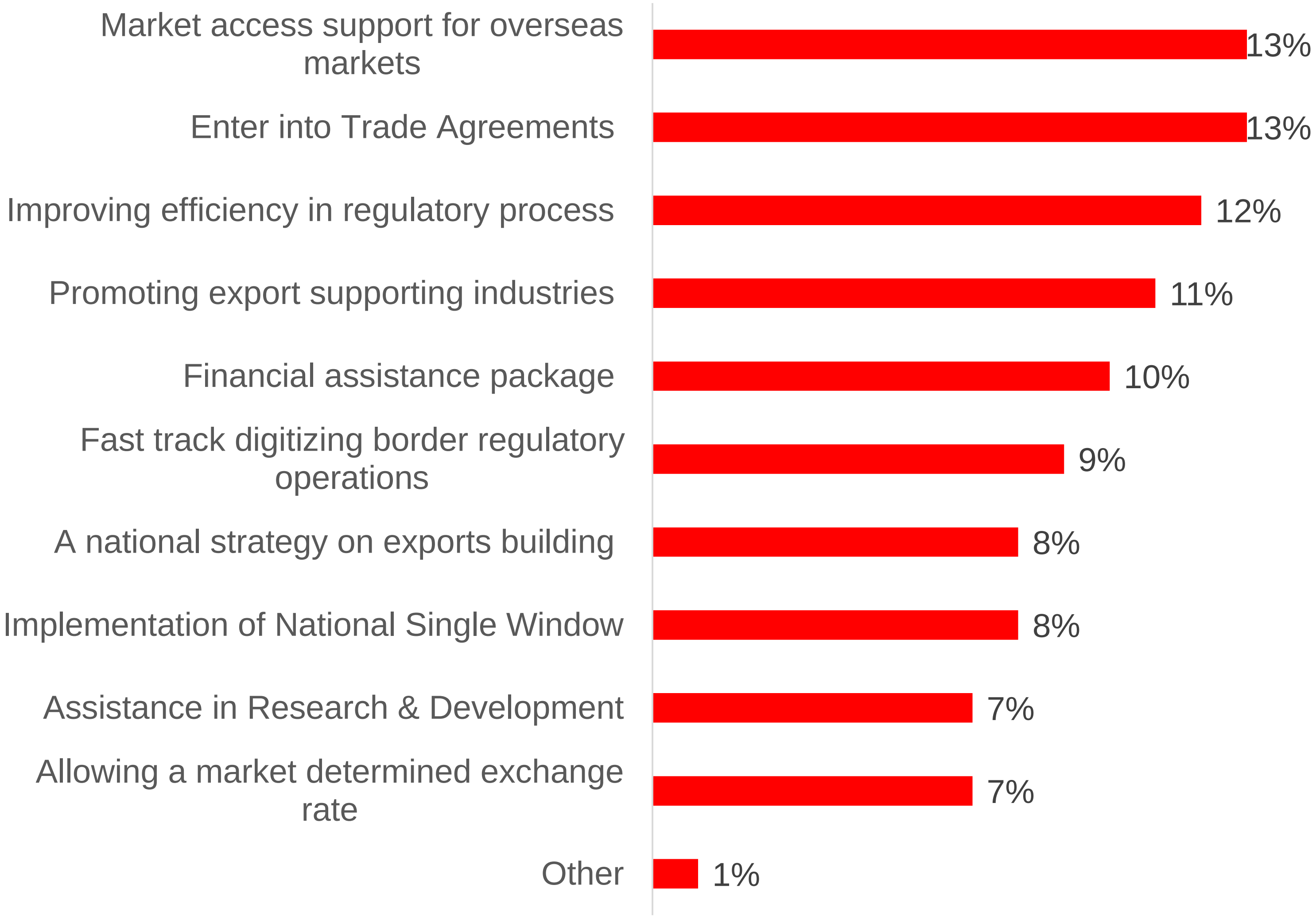
80% Consider Free Trade Agreements are important

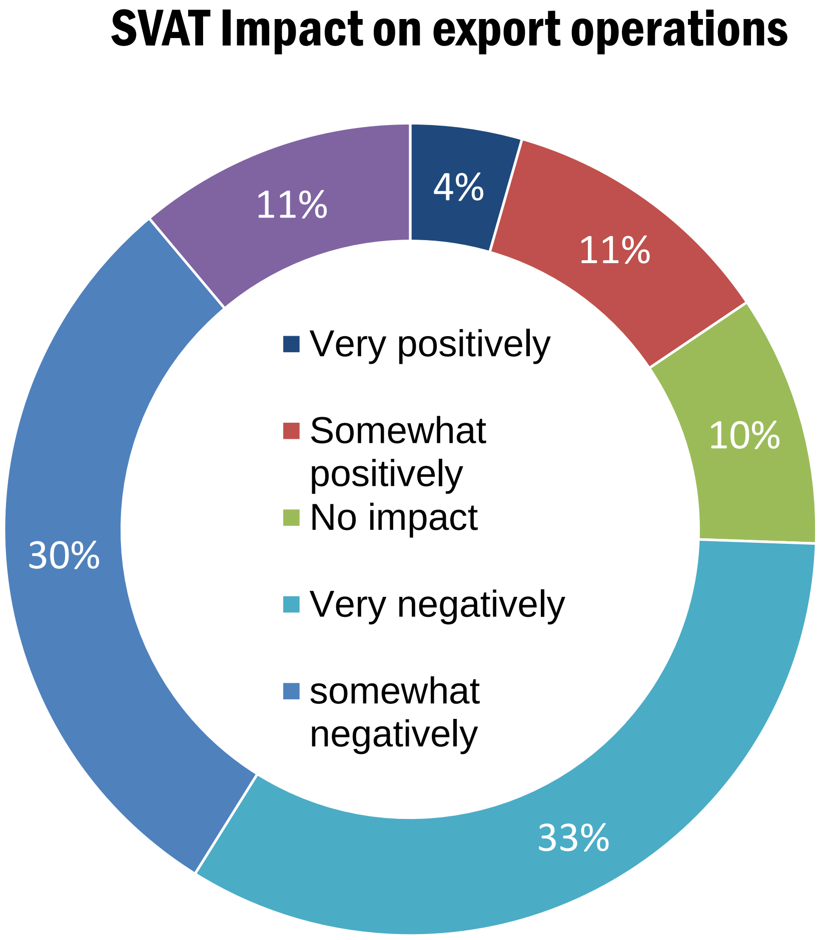


55% respondents have identified new markets for their exports



Government Facilitation





Key Asks from the Government

- ***Streamlined and Integrated Processes***
- Implement a National Single Window and integrated digital systems to simplify import-export procedures, reduce delays, and improve transparency across customs, ports, tax, and regulatory touchpoints.

- ***Digital and Technological Facilitation***
- Support adoption of digital tools, e-payments, digital IDs, traceability systems, and infrastructure to enable SMEs, ensure compliance with global standards, and modernize sector operations.

- ***Capacity Building, Incentives, and Support***
- Provide training, funding, mentorship, tax breaks, concessional financing, and regulatory support to help businesses (especially SMEs and startups) innovate, scale, and retain talent.

- ***Coordination and Market Facilitation***
- Centralize efforts across associations, donor agencies, and trade chambers to avoid duplication, support market research, validate SME ideas, and foster industry–startup partnerships aligned with national priorities.

- ***Adaptive Policies and Long-Term Strategic Planning***
- Ensure regulations evolve with sectoral and technological changes, benchmark against global best practices, and prioritize high-value niches to maintain international competitiveness.

Key Asks from the Chambers

- *Capacity Building & Training*

- Conduct market studies to analyse market share, customer behaviour, and trends.
- Train SMEs on sustainability, traceability, and compliance requirements.
- Support digital literacy and adoption of ERP/digital systems.

- *Financial & Technical Support*

- Provide grants, concessional loans, and consulting for SMEs to adopt technology and meet global standards.
- Facilitate access to funding and mentorship for startups.
- Efficiency & Coordination

- *Efficiency & Coordination*

- Reduce administrative duplication through centralized coordination of associations, donor agencies, and financial support.
- Help SMEs validate business ideas and access investors effectively.

- *Market Access & Export Facilitation*

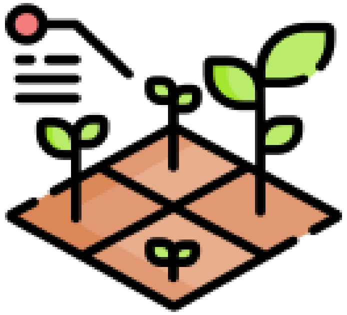
- Assist SMEs in identifying suitable products and target markets.
- Support integration with global value chains and compliance with international export regulations.

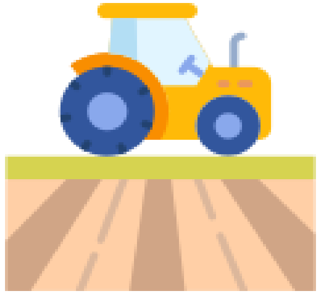
- *Bridging Gaps Between Large Exporters and SMEs*

- Ensure all players, including smaller firms, are prepared for mandatory global standards.
- Facilitate industry–startup partnerships to align innovation with national priorities.

Impact due to Cyclone Ditwah – Agricultural Sector

Both the Plantation and Paddy sectors faced Supply Chain disruptions and negative impact on export orders



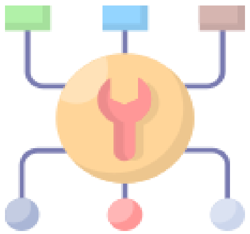


Severe disruptions caused 1.5-month supply gaps, with temporary shifts to more profitable domestic sales over exports. Plantations and paddy lands suffered major infrastructure and land damage leading to lost harvests and potential rice imports. Rapid restoration of access, power, and insurance/government support is critical for recovery.

Direct damage estimated at LKR 4.1–4.2 billion for the agriculture sector; total reinstatement costs expected to be higher.

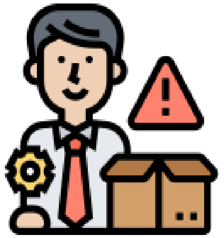
Impact due to Cyclone Ditwah – Apparel Sector

Operational Disruptions



Financial Impact

Employee & Community Effects



The disaster caused short-term operational disruption (temporary plant closures and lost production hours) but limited direct financial damage, with recovery achieved within weeks through overtime and strong buyer coordination. The greatest impacts were on employee housing and local infrastructure, highlighting the need for restored connectivity and targeted government rebuilding support.

Key Strategies for Recovery from Cyclone

- Received Financial support
- Infrastructure restoration
- Strong coordination and communication with stakeholders
- Workforce adjustments and overtime
- Social support for employees and communities
- Long-term preparedness and resilience-building

Key Strategies for Recovery from Cyclone

Long-term preparedness and resilience building

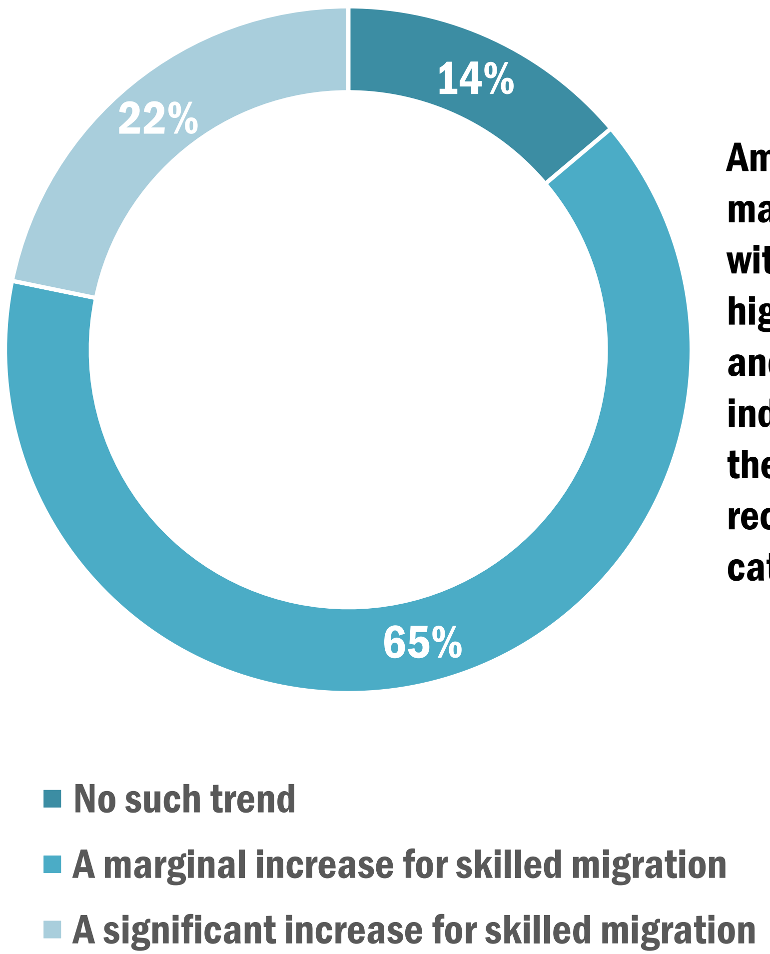
Building a resilient future requires a holistic approach that strengthens both physical infrastructure and the systems that support economic and social stability. This includes rebuilding essential assets such as transportation, energy, and communication networks with disaster-proof designs, while advancing climate-resilient practices across farming, manufacturing, and fisheries. Ensuring operational continuity through agile workforce planning and flexible supply chains is equally critical. At the community level, supporting worker welfare, upgrading education facilities, and partnering with NGOs fosters long-term recovery. Together, these efforts enable strategic adaptation, empowering industries to shift toward value-added products, modernized operations, and sustainable financial protection.

The following strategies were mentioned by the key industry experts.

- **Infrastructure Resilience:** Roads, bridges, energy, and communication systems need rebuilding with disaster-proofing.
- **Disaster Risk Mitigation:** Investment in climate-resilient farming, manufacturing, and fisheries operations.
- **Operational Continuity:** Workforce planning, contingency production strategies, and supply chain flexibility.
- **Community & Social Resilience:** Worker welfare, education infrastructure, and NGO collaborations for sustainable recovery.
- **Strategic Adaptation:** Shifting to value-added products, modernized operations, and long-term insurance or financial risk coverage.

Employment Trends, Digital Transformation and Sustainability

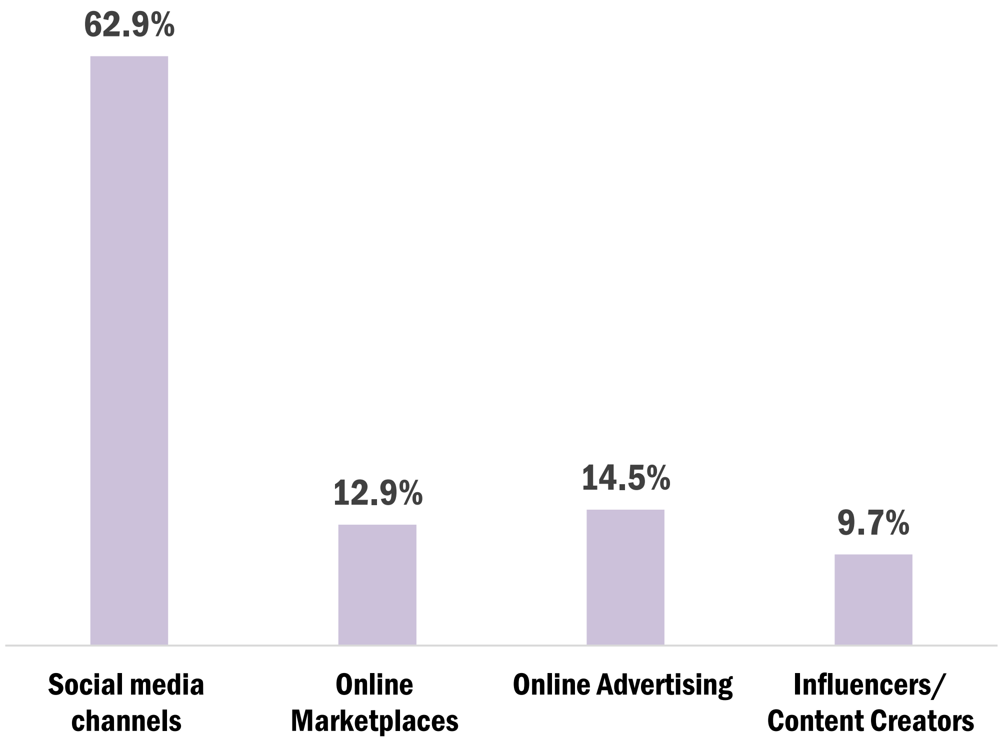
Employment Trends



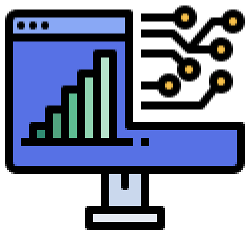
Among large firms, 65% reported a marginal increase in skilled migration within their organisations, with the highest incidence observed in the Food and Beverages sector. A further 22% indicated a significant increase, with the Textiles and Garments sector recording the highest share in this category.

Expert insight: Labour shortages and migration are tightening skilled labour supply across sectors, driving wage and cost pressures. Persistent technical and digital skills gaps especially in apparel and IT/BP sector constraining productivity and export readiness. Firms are turning to mechanization and automation, underscoring the need for stronger public–private skills development and workforce support systems.

Digital Transformation



Over half of firms use digital tools for export operations, with social media as the primary channel.



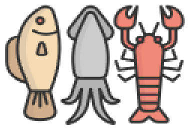
Experts note that export competitiveness relies heavily on stronger government facilitation such as streamlined procedures, improved digital systems, and better access to financing supported by complementary assistance from chambers and development partners to drive technology adoption and market readiness. Across all sectors, integrating sustainability practices and digital technologies is increasingly seen as essential for enhancing productivity, building resilience, and improving access to global markets.

Sustainability

Sri Lanka's agricultural sector is advancing sustainability through efficient resource use, carbon and energy management, soil and ecosystem restoration, and strategic integration of ESG principles. Practices like drip irrigation, rainwater harvesting, soil rehabilitation, renewable energy adoption, and improved fuel efficiency reduce environmental impact and enhance resilience. Embedding sustainability across operations and supply chains, including worker welfare and community support, strengthens export credibility, meets global standards, and ensures long-term productivity and climate adaptation.

IT/BPO Sector firms are adopting standardized sustainability benchmarks and reporting often required by clients and regulators to track performance and strengthen compliance. Completing these assessments provides a competitive advantage by demonstrating credible sustainability commitment.

Apparel and Textile companies are strengthening sustainability through centralized management, social responsibility, global alignment, resource efficiency, and circularity. Dedicated teams set clear ESG targets, while employee well-being programs and community initiatives build a sustainable workforce and social license. Investments in renewable energy, water stewardship, waste reuse, and recycling reduce environmental impact and promote a circular economy. Alignment with global standards like SBTi Net Zero and responsible sourcing enhances credibility, positions companies as leaders in sustainable exports, and supports entry into premium, environmentally-conscious markets.

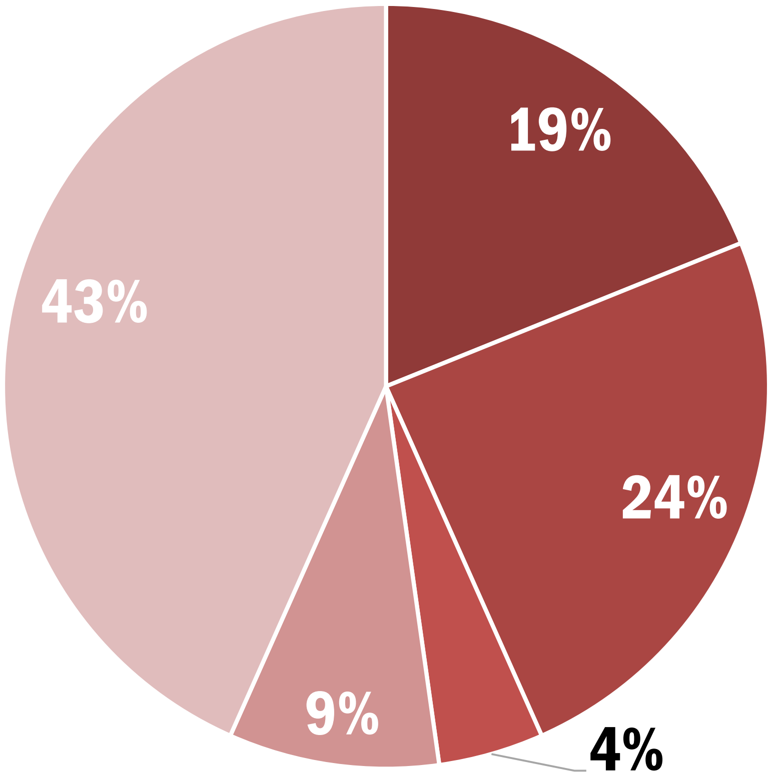


Sea Food sector is well-positioned to meet stricter EU regulations on sustainability, ethical sourcing, and humane treatment of animals. By adopting practices like low-carbon shrimp feed, ethical hatchery methods, and humane harvesting, the country can differentiate its products in global markets, enhance their value, and promote innovation and ethical practices that strengthen long-term competitiveness.

Export Business Outlook for 2026

Outlook for 2026

Perceived Outlook for the Sri Lankan Economy



43% of respondents anticipate moderate economic growth for Sri Lanka in 2025. However, 24% expects No Change.

Reduce risk and ensure export resilience

- Diversifying markets, products, and buyer relationships are essential.

Improving competitiveness

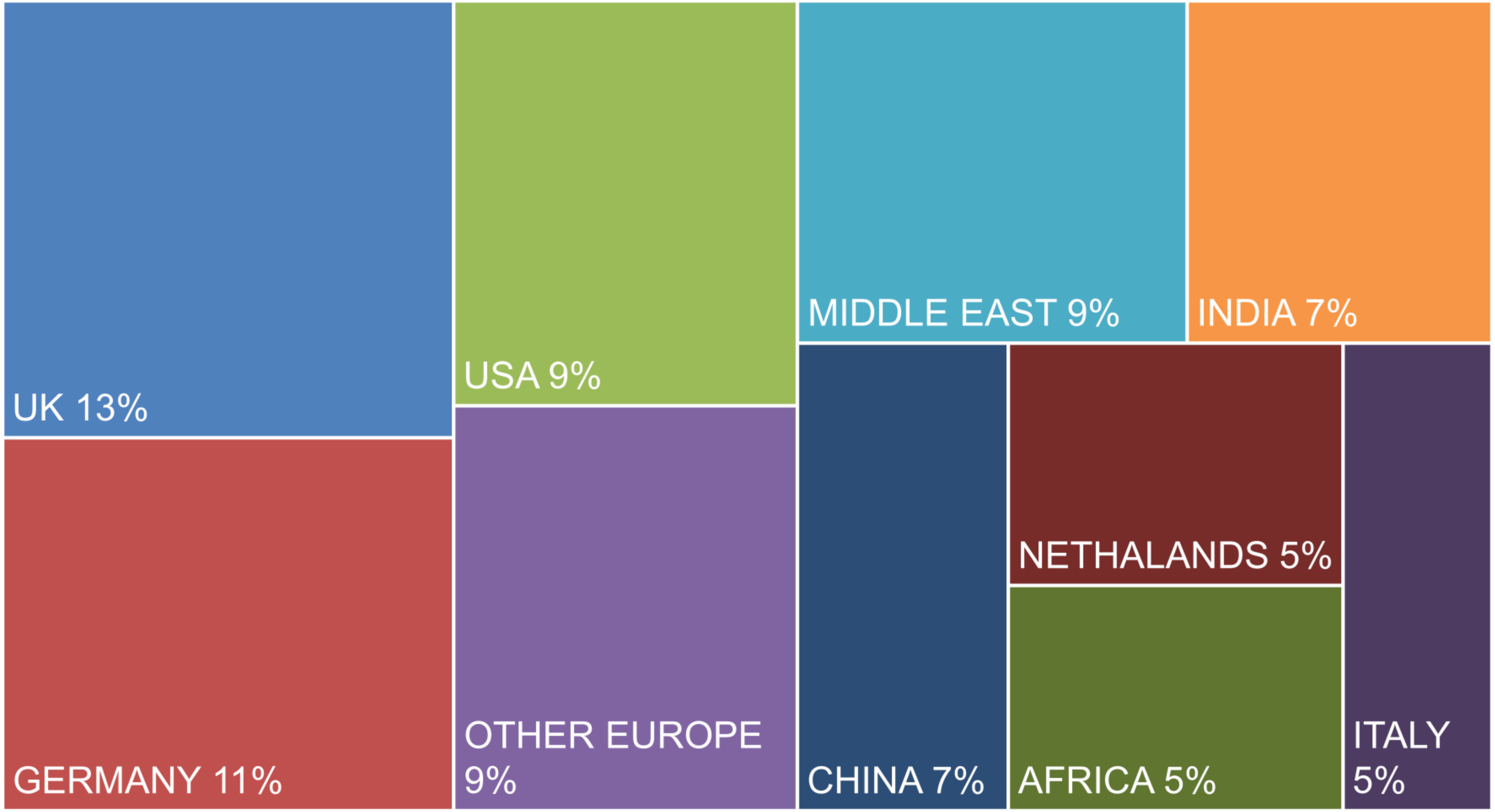
- Technology adoption and process modernisation enhance productivity and operational reliability.

Sustainable growth and long-term resilience

- Supportive government policies, regulatory stability, and facilitation are critical to sustain growth.

Outlook for 2026

New International Markets – Top 10



98% respondents expect to reach new international markets in 2025 compared to 2024.

Europe is the top largest 48%, Followed by Asia 18%, North America 12%, and the Middle East 9%

Outlook for 2026

Firms are strengthening export resilience through market diversification, localised and flexible supply chains, and contingency planning for climate and geopolitical risks.

Digital tools and partnerships are improving visibility and coordination, while proactive compliance and sustainability investments help safeguard market access and continuity.

"Technology, partnerships, and forward compliance are becoming central to managing export and climate risks."

2026 Trade Reality: Adapt or Be Sidelined

Global trade in 2026 is not merely volatile it is unforgiving. Geopolitical shocks, regulatory flux, and shifting buyer standards are eroding predictability and compressing margins. Preference-dependent exporters face rising exposure to policy reversals, while sustainability, compliance, and value addition have become entry tickets not differentiators.

Resilience is now strategic, not optional: diversify markets, localize supply chains, and institutionalize risk management or risk irrelevance. Technology and digital transformation are no longer productivity upgrades they are survival tools. Without decisive policy support and structural reform, competitive positioning will weaken in an increasingly disciplined global marketplace.

In this environment, exporters who fail to evolve will feel the squeeze first through reduced orders, shrinking margins, and higher compliance barriers. Those who move decisively, however, can secure long-term advantage as global buyers consolidate their supplier bases. The winners of 2026 will be firms that anticipate disruption, build agility into their operations, and align with the new rules of global trade rather than resist them. This is not just a period of adjustment; it is a reset and only those prepared to adapt will stay in the game.

Survey Methodology

- The Export Barometer Survey is an annual survey conducted to obtain exporter insights. The survey provides an understanding of the impact of the economic crisis and the gradual recovery of the economy, signals changes in export trade, and acts as a forward-looking indicator. It also identifies the needs and support requirements of exporters.

- A detailed survey questionnaire was formulated to conduct the assessment through an online survey platform, and Key Informant Interviews were conducted. The questionnaire consisted of the following main sections:
  - General Respondents' Details
  - Changes in Export Business Performance
  - Business Opportunities and Facilitation Measures
  - Export Business Outlook
  - Impact due to the cyclone

- The survey utilized the exporter database of The Ceylon Chamber of Commerce, which includes both exporters of goods and services. The questionnaire was also circulated among key trade and service associations.

- The survey was implemented over a period of 9 weeks, from 26 November 2025 to 21 January 2026, using the online survey platform Typeform. The survey received 90 responses, ,comprising 38 SME firms and 52 large firms, and conducted 10 KIIs.

- SME firms were classified based on the number of employees, as specified by the National Policy Framework for Small and Medium Enterprise Development. The data collected were analysed using quantitative methods, including percentage analysis and cross-tabulation.

- The survey was conducted by the Economic Intelligence Unit of The Ceylon Chamber of Commerce.

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The Ceylon Chamber of Commerce

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Conducted by
The Ceylon Chamber of Commerce

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