

AHK BUSINESS BAROMETER | SRI LANKA



AHK Sri Lanka World Business Outlook Fall 2024

Results of a survey among German companies
in Sri Lanka



AHK

Delegation der Deutschen
Wirtschaft in Sri Lanka
Delegation of German Industry
and Commerce in Sri Lanka

 Partner In Sri Lanka

Introduction

In order to gain an insight into the economic situation of **German companies in Sri Lanka**, AHK Sri Lanka participated in the worldwide survey 'AHK World Business Outlook' conducted by the German Chamber of Commerce and Industry (DIHK).

The latest edition of the survey, was conducted from **23rd of September to 16th of October 2024**.

Our AHK Sri Lanka Business Barometer provides critical data about the current situation of German brands in Sri Lanka. With a **participation rate of 52.88%**, the survey ensures that the data collected is highly representative of the companies involved.



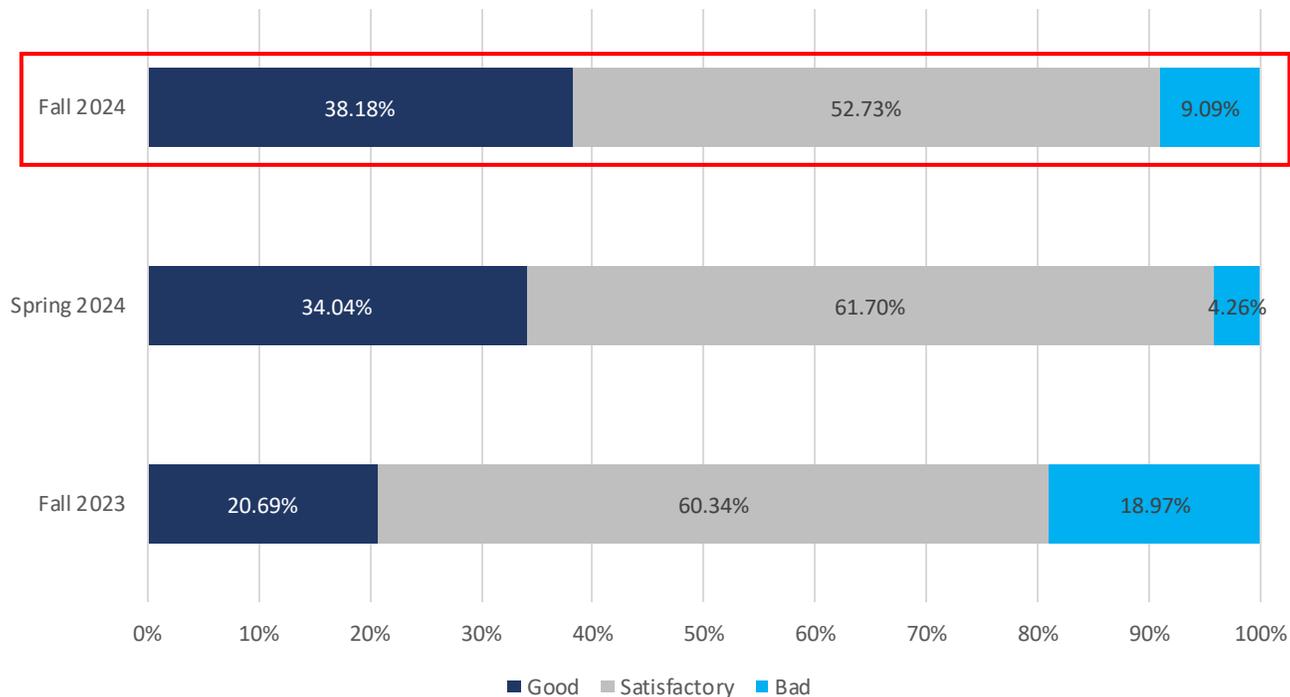
Summary

The Fall 2024 survey reflects **cautious optimism** among German companies in Sri Lanka. 38.18% of respondents rated their current business situation as "Good," a significant improvement from Fall 2023, and 72.73% anticipate better business development over the next year. Confidence in local economic growth has increased to 43.64%, even amid the critical presidential elections. Most companies plan to maintain stable investment and employment levels.

Key challenges include reduced demand, economic policy conditions, and exchange rate volatility. Over the past five years, 42.31% of companies reported improved competitiveness, highlighting resilience and growth potential in the Sri Lankan market.



Q1 How Do You Assess the Current Situation of Your Company?



- Fall 2024 marks the best performance, with 38.18% of companies assessing their situation as "Good," up from 20.69% in Fall 2023 and 34.04% in Spring 2024.
- "Satisfactory" ratings in Fall 2024 fell to 52.73%, a decline from 61.70% in Spring 2024 and 60.34% in Fall 2023.
- While significantly lower than Fall 2023's 18.97%, the 9.09% "Bad" ratings in Fall 2024 represent an increase from Spring 2024's low of 4.26%.

Business Situation of Companies Worldwide

AHK World Business Outlook Fall 2024

Business situation (balance in points)

	Spring 2023	Autumn 2023	Spring 2024	Autumn 2024
World total	40	31	33	27
EU27	44	34	33	23
Eurozone	47	36	35	25
Other EU, Switzerland, Norway, UK	41	34	35	23
Eastern/Southeastern Europe (excluding EU), Turkey	50	49	37	35
Asia/Pacific (excluding Greater China)	38	23	25	17
Greater China	7	-7	-8	-1
North America (=USA, Canada, Mexico)	59	56	55	46
South and Central America	31	23	34	27
Africa, Near and Middle East	37	28	49	43
MENA	37	30	57	57
Sub-Saharan Africa	35	17	26	14

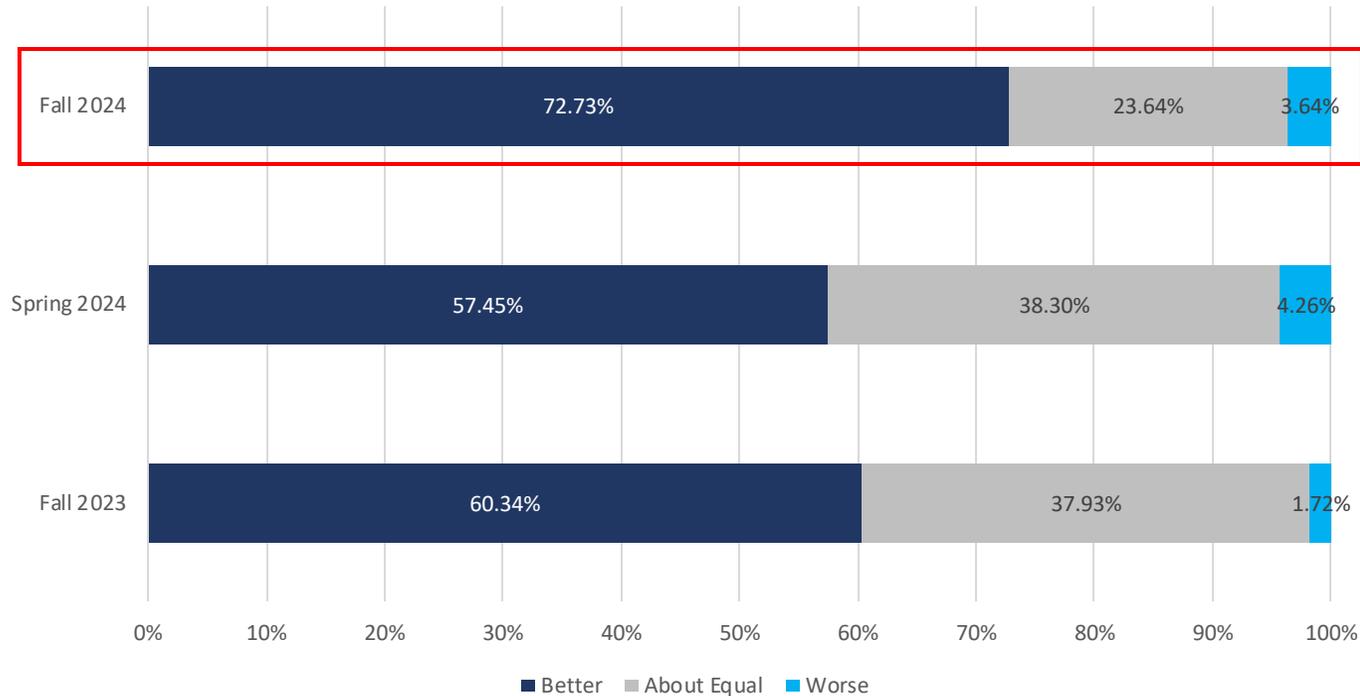
Balance in points (difference between good and bad)

Global business situation



- Asia/Pacific (excluding Greater China): Business outlook decreased, with balance dropping to 17 from 23 in Spring 2024.
- Despite setbacks, India and Indonesia maintain higher business expectations, presenting significant opportunities.
- North America remains strong with a balance of 46 points, indicating stable or positive conditions.

Q2 Which Business Development Does Your Company Expect for the Next 12 Months?



- Optimism has grown significantly, with those expecting "better" business development rising from 60.34% to 72.73%, while those anticipating a "constant" outlook dropped from 37.93% to 23.64%.
- The percentage reporting a "worse" outlook has remained low, with a slight increase of 1.92% (from 1.72% to 3.64%).

Business Development Expectations Worldwide

AHK World Business Outlook Fall 2024

Business expectations (balance in points)

	Spring 2023	Autumn 2023	Spring 2024	Autumn 2024
World total	36	33	36	38
EU27	22	13	22	22
Eurozone	30	18	25	25
Other EU, Switzerland, Norway, UK	15	8	22	23
Eastern/Southeastern Europe (excluding EU), Turkey	21	19	31	8
Asia/Pacific (excluding Greater China)	50	40	47	43
Greater China	38	16	11	15
North America (=USA, Canada, Mexico)	46	50	51	50
South and Central America	36	38	54	51
Africa, Near and Middle East	46	47	54	58
MENA	45	48	59	61
Sub-Saharan Africa	50	40	37	52

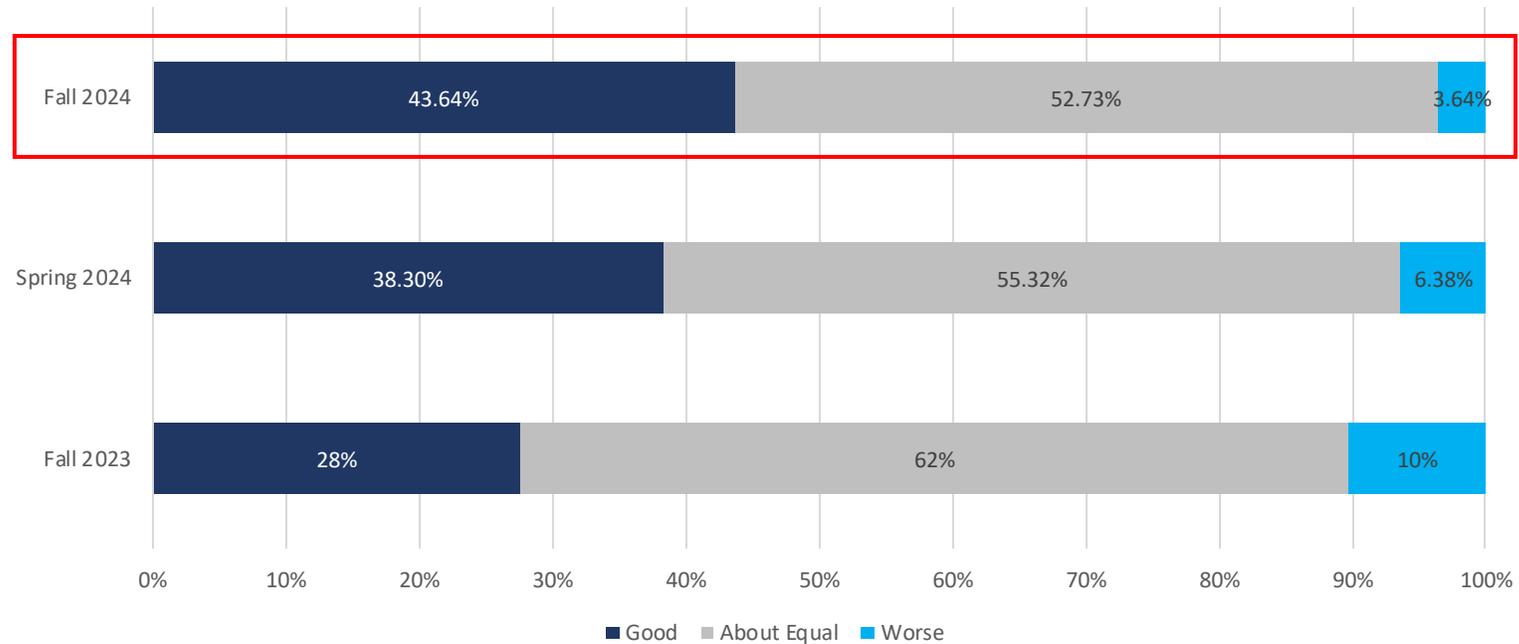
Balance in points (difference between better and worse)

Global business expectations



- EU business expectations remained at 22 points, reflecting moderate optimism.
- Asia-Pacific (excluding Greater China) showed stronger confidence with 43 points, though this marked a decline from Spring 2024.
- Greater China improved slightly to 15 points from 11 in Spring 2024, but remains below the EU's level.

Q3 How Do You Judge the Local Economic Development in the Next 12 Months?



- Optimism has continued to improve from Fall 2023, with the "Good" rating increased from 28% to 43.64% (+15.64%).
- "Worse" rating decreased from 10% to 3.64% (-6.36%).
- Positive trends observed despite the elections.

Economic Expectations of Companies Worldwide

AHK World Business Outlook Fall 2024

Economic expectations (balance in points)

	Spring 2023	Autumn 2023	Spring 2024	Autumn 2024
World total	1	-6	12	5
EU27	-16	-31	-1	-18
Eurozone	-6	-29	-5	-13
Other EU, Switzerland, Norway, UK	-27	-27	7	-21
Eastern/Southeastern Europe (excluding EU), Turkey	-7	-20	-9	-18
Asia/Pacific (excluding Greater China)	19	9	20	15
Greater China	21	-16	-12	-6
North America (=USA, Canada, Mexico)	12	13	40	26
South and Central America	-24	-10	5	2
Africa, Near and Middle East	11	-2	32	27
MENA	13	6	43	36
Sub-Saharan Africa	-3	-38	-3	9

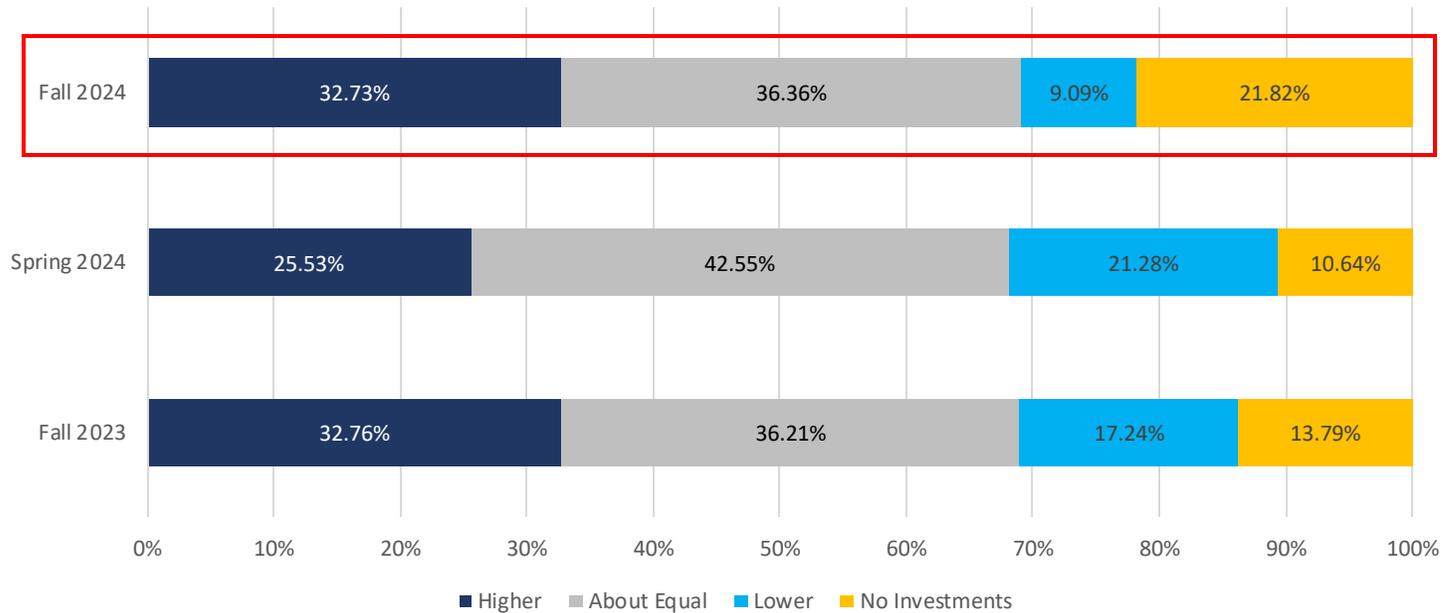
Global economic expectations



Balance in points (difference between better and worse)

- In Asia/Pacific, the balance dropped to 15 in Fall 2024 from 20 in Spring 2024.
- Greater China's economic expectations remain negative at -6 points in Fall 2024, though slightly improved from -12 in Spring 2024.
- In the EU, economic expectations worsened, with the balance falling to -18 in Fall 2024 from -1 in Spring 2024.

Q4 How Do You Think Local Investments of Your Company are Likely to Develop in the Next 12 Months?



- Despite expected economic improvements, the percentage of companies with no investment plans has increased.
- However, the percentage of companies planning to invest more has risen compared to Spring 2024, though it remains below Fall 2023 levels.

Investment Intentions of Companies Worldwide

AHK World Business Outlook Fall 2024

Investment intentions (balance in points)

	Spring 2023	Autumn 2023	Spring 2024	Autumn 2024
World total	19	13	16	12
EU27	14	2	12	5
Eurozone	18	6	12	9
Other EU, Switzerland, Norway, UK	12	0	18	2
Eastern/Southeastern Europe (excluding EU), Turkey	21	15	1	1
Asia/Pacific (excluding Greater China)	26	21	18	20
Greater China	2	1	1	-14
North America (=USA, Canada, Mexico)	30	20	21	18
South and Central America	8	14	16	19
Africa, Near and Middle East	27	20	35	32
MENA	28	25	43	40
Sub-Saharan Africa	22	-2	8	16

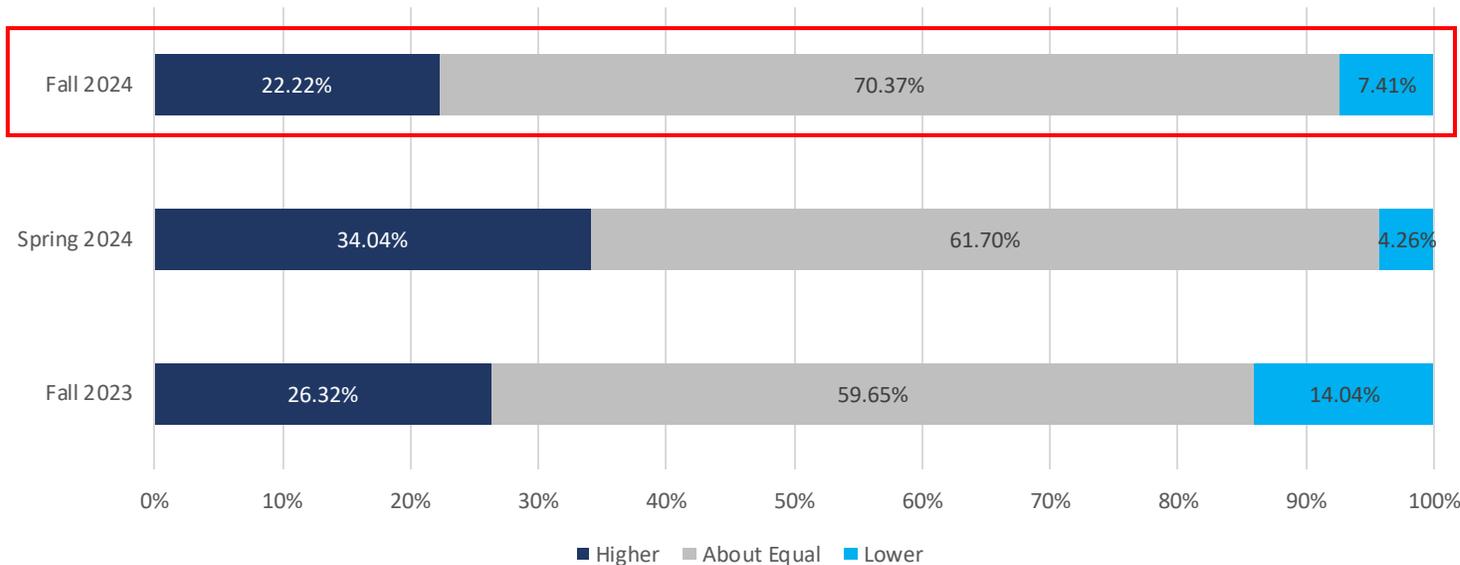
Global investment intentions



Balance in points (difference between higher and lower)

- In Asia/Pacific, the balance in points increased slightly to 20 in Fall 2024, up from 18 in Spring 2024.
- Greater China saw a significant decline, dropping to -14 points in Fall 2024, down from 1 in Spring 2024.
- In the EU, investment intentions weakened, with the balance falling to 5 in Fall 2024, down from 12 in Spring 2024.

Q5 How Do You Think Local Employment of Your Company Is Likely to Develop in the Next Twelve Months?



- From Fall 2023 to Fall 2024, "Higher" employment expectations decreased by 4.10% (from 26.32% to 22.22%).
- "About equal" employment expectations increased by 10.72% (from 59.65% to 70.37%).
- "Lower" employment expectations dropped by 6.63% (from 14.04% to 7.41%).

Employment Intentions of Companies Worldwide

AHK World Business Outlook Fall 2024

Employment intentions (balance in points)

	Autumn 2022	Spring 2023	Autumn 2023	Autumn 2024
World total	26	23	23	21
EU27	27	19	19	13
Eurozone	33	26	24	15
Other EU, Switzerland, Norway, UK	22	8	18	15
Eastern/Southeastern Europe (excluding EU), Turkey	25	33	21	9
Asia/Pacific (excluding Greater China)	36	29	31	32
Greater China	4	-8	-8	-12
North America (=USA, Canada, Mexico)	38	37	32	35
South and Central America	15	9	19	16
Africa, Near and Middle East	26	25	43	37
MENA	25	30	51	51
Sub-Saharan Africa	27	2	17	8

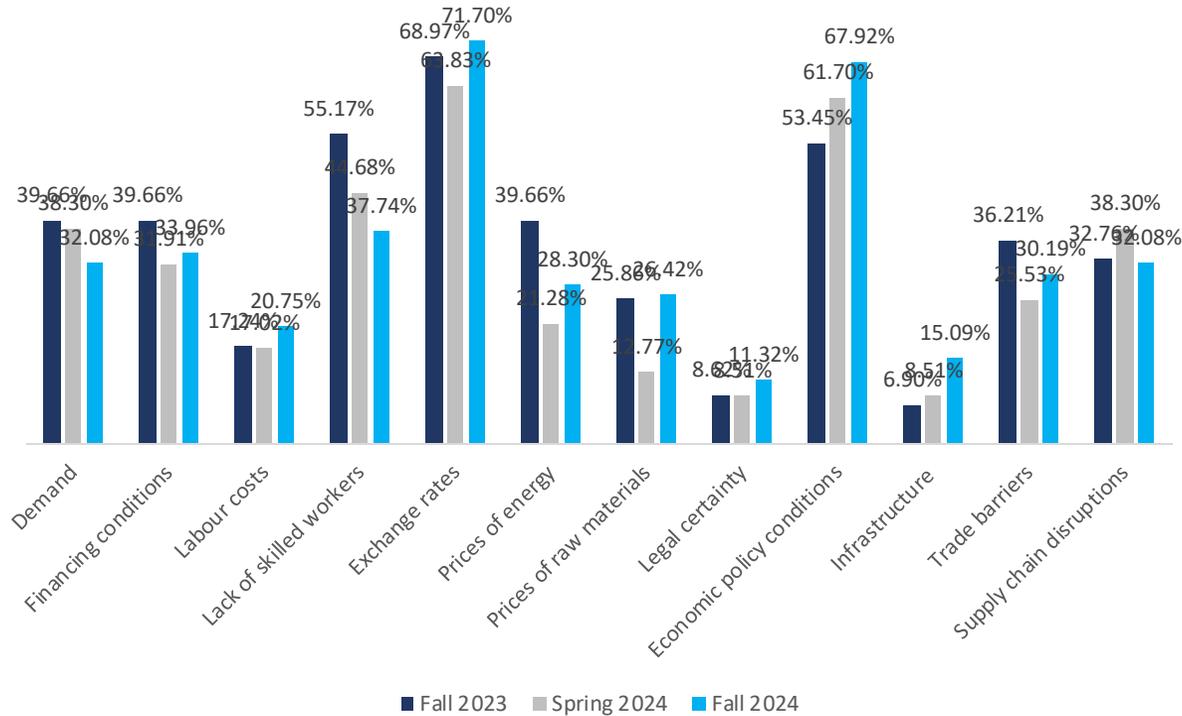
Balance in points (difference between higher and lower)

Global employment intentions



- Asia/Pacific: Employment balance rose slightly to 32 (from 31 in Spring 2024).
- Greater China: Employment balance fell further to -12 (from -8 in Spring 2024).
- EU: Employment balance dropped to 13 (from 19 in Spring 2024).

Q5 What are the Biggest Risks for Your Company's Economic Development in the Next 12 Months?



- Concerns over demand decreased to 32.08% in Fall 2024, compared to 38.30% in Spring 2024 and 39.66% in Fall 2023.
- Economic policy conditions are the top concern in Fall 2024, cited by 67.92% of participants, increasing from 61.70% in Spring 2024 and 53.45% in Fall 2023.
- Exchange rates were identified as a significant risk by 71.70% in Fall 2024, rising from 63.83% in Spring 2024 but slightly higher than 68.97% in Fall 2023.

Business Risks for Companies Worldwide in the Next 12 Months

AHK World Business Outlook Fall 2024

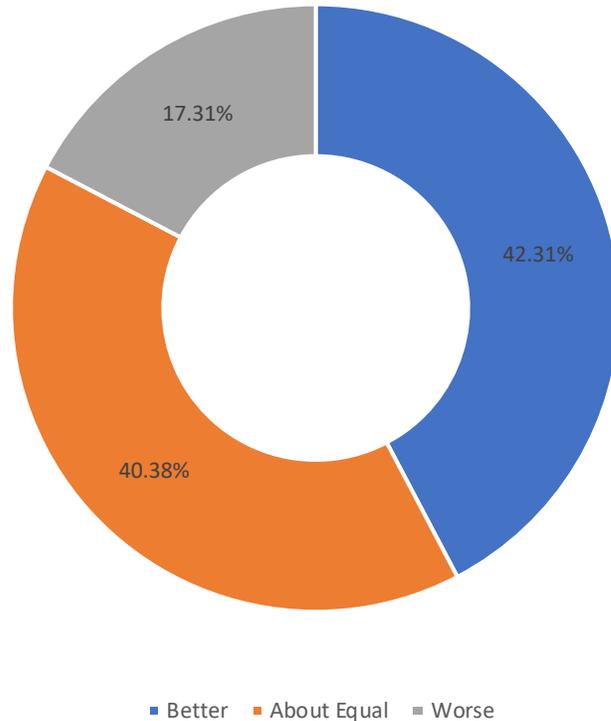
Risks for the global economy in the coming twelve months

	Demand	Financing	Labour costs	Lack of skilled labour	Exchange rate	Energy prices	Commodity prices	Legal certainty	Economic policy	Infrastructure	Trade barriers	Supply chain disruptions
Worldwide	50	22	31	35	29	19	22	19	47	11	19	50
EU27	63	18	45	41	12	25	21	17	48	9	11	63
Eurozone	59	16	43	45	4	22	21	11	49	11	10	59
Other EU, Switzerland, Norway, UK	64	20	44	38	21	26	19	24	47	8	15	64
Eastern/Southeastern Europe (excluding EU), Turkey	32	25	40	39	37	19	22	22	51	8	18	32
Asia/Pacific (without Greater CN)	51	20	24	36	42	17	24	10	37	13	23	51
Greater China	76	8	20	21	11	10	20	9	40	5	40	76
North America	45	16	25	37	19	9	14	23	55	12	25	45
South and Central America	43	22	24	26	39	12	19	34	60	12	14	43
Africa, Near and Middle East	30	40	25	30	45	22	30	15	41	12	20	30
MENA	26	33	27	32	41	18	31	11	32	6	18	26
Sub-Saharan Africa	36	49	23	28	50	29	27	23	56	21	24	36

Figures in per cent, multiple answers possible, question: Where do you see the greatest risks in the economic development of your company in the next twelve months?

- Asia/Pacific: Top risks are demand and exchange rate volatility.
- Greater China: Key risks include demand, economic policy, and trade barriers.
- EU: Main risks are demand, economic policy, and labour costs.

Q6 How Has the Competitive Position of Your Company at Your Location Changed in the Last 5 Years?



The competitive position of companies at their locations has shown positive shifts, with 42.31% reporting an improvement, 40.38% maintaining an equal position, and 17.31% seeing a decline.

This indicates that a majority of companies have either improved or sustained their competitiveness over the last five years.

Competitive Position of Companies Worldwide



Figures in per cent, question: How has the competitive position of your company at your location changed in the last 5 years?

Asia/Pacific:

- 44% report an improved competitive position.
- 42% report no change.
- 14% report a decline.

Greater China:

- 22% report an improved competitive position.
- 46% report no change.
- 32% report a decline.

EU:

- 48% report an improved competitive position.
- 38% report no change.
- 14% report a decline.

AHK BUSINESS BAROMETER | SRI LANKA

Delegation of German Industry and Commerce in Sri Lanka (AHK Sri Lanka)

15th Floor,
127 W A D Ramanayake Mawatha,
Colombo 2.

Website : www.srilanka.ahk.de/en

Follow us on:  



AHK

Delegation der Deutschen
Wirtschaft in Sri Lanka
Delegation of German Industry
and Commerce in Sri Lanka

 Partner In Sri Lanka