

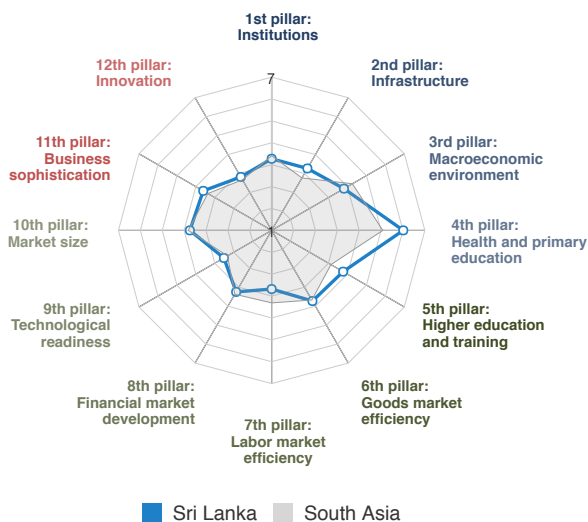
Key indicators, 2016

Source: International Monetary Fund; World Economic Outlook Database (April 2017)

Population millions	21.3	GDP per capita US\$	3,887.5
GDP US\$ billions	82.6	GDP (PPP) % world GDP	0.22

Performance overview

Index Component	Rank/137	Score (1-7)	Trend	Distance from best	Edition	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Global Competitiveness Index	85	4.1			Rank	68 / 144	65 / 148	73 / 144	68 / 140	71 / 138	85 / 137
Subindex A: Basic requirements	78	4.5			Score	4.2	4.2	4.2	4.2	4.2	4.1
1st pillar: Institutions	77	3.8									
2nd pillar: Infrastructure	85	3.8									
3rd pillar: Macroeconomic environment	94	4.3									
4th pillar: Health and primary education	43	6.2									
Subindex B: Efficiency enhancers	90	3.8									
5th pillar: Higher education and training	78	4.2									
6th pillar: Goods market efficiency	83	4.2									
7th pillar: Labor market efficiency	131	3.3									
8th pillar: Financial market development	83	3.8									
9th pillar: Technological readiness	106	3.2									
10th pillar: Market size	59	4.2									
Subindex C: Innovation and sophistication factors	58	3.8									
11th pillar: Business sophistication	59	4.1									
12th pillar: Innovation	54	3.4									

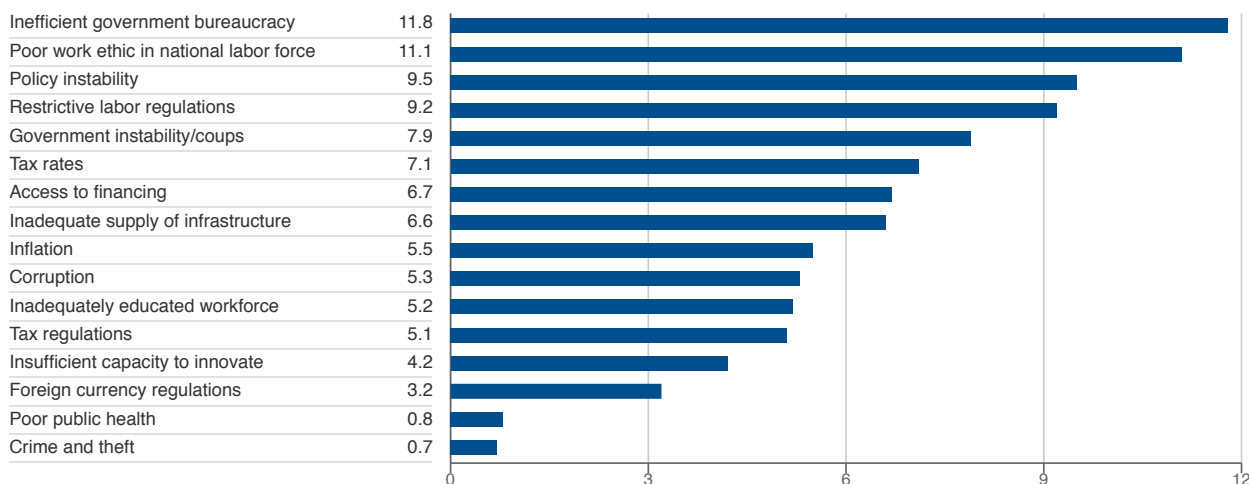


Sri Lanka slips in the ranking to 85th, mainly due to a deteriorating institutional environment, lower goods markets efficiency and infrastructure that is assessed as less well developed. Macroeconomic stability needs to remain a priority for the government, as the country continues to cope with high levels of debt and tries to restore a sound macroeconomic environment. The government managed to decrease

the deficit and stabilize debt after the country entered assistance program by the IMF in 2016. Yet, the burden of interest on debt remains high and currently amounts to most of the revenue collected by government. Inflation also increased and forced the authorities to tighten monetary policy, with negative effects on credit. Business confidence has been declining over the past two years.

Most problematic factors for doing business

Source: World Economic Forum, Executive Opinion Survey 2017



Note: From the list of factors, respondents to the World Economic Forum's Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them between 1 (most problematic) and 5. The score corresponds to the responses weighted according to their rankings.

Index Component	Rank/137	Value	Trend	Index Component	Rank/137	Value	Trend
1st pillar: Institutions	77	3.8		6th pillar: Goods market efficiency	83	4.2	
1.01 Property rights	78	4.1		6.01 Intensity of local competition	87	4.8	
1.02 Intellectual property protection	66	4.2		6.02 Extent of market dominance	74	3.6	
1.03 Diversion of public funds	67	3.5		6.03 Effectiveness of anti-monopoly policy	82	3.5	
1.04 Public trust in politicians	96	2.4		6.04 Effect of taxation on incentives to invest	55	3.8	
1.05 Irregular payments and bribes	86	3.5		6.05 Total tax rate % profits	118	55.2	
1.06 Judicial independence	66	3.9		6.06 No. of procedures to start a business	70	7	
1.07 Favoritism in decisions of government officials	94	2.6		6.07 Time to start a business days	53	9.0	
1.08 Efficiency of government spending	99	2.7		6.08 Agricultural policy costs	91	3.5	
1.09 Burden of government regulation	75	3.3		6.09 Prevalence of non-tariff barriers	78	4.3	
1.10 Efficiency of legal framework in settling disputes	68	3.6		6.10 Trade tariffs % duty	123	12.3	
1.11 Efficiency of legal framework in challenging regulations	86	3.0		6.11 Prevalence of foreign ownership	97	4.2	
1.12 Transparency of government policymaking	109	3.5		6.12 Business impact of rules on FDI	84	4.3	
1.13 Business costs of terrorism	83	4.9		6.13 Burden of customs procedures	84	3.9	
1.14 Business costs of crime and violence	71	4.5		6.14 Imports % GDP	100	30.6	
1.15 Organized crime	75	4.7		6.15 Degree of customer orientation	62	4.7	
1.16 Reliability of police services	88	4.1		6.16 Buyer sophistication	57	3.6	
1.17 Ethical behavior of firms	68	3.8		7th pillar: Labor market efficiency	131	3.3	
1.18 Strength of auditing and reporting standards	64	4.7		7.01 Cooperation in labor-employer relations	71	4.3	
1.19 Efficacy of corporate boards	66	4.9		7.02 Flexibility of wage determination	69	4.9	
1.20 Protection of minority shareholders' interests	54	4.2		7.03 Hiring and firing practices	94	3.5	
1.21 Strength of investor protection 0-10 (best)	41	6.3		7.04 Redundancy costs weeks of salary	134	58.5	
2nd pillar: Infrastructure	85	3.8		7.05 Effect of taxation on incentives to work	48	4.2	
2.01 Quality of overall infrastructure	79	3.9		7.06 Pay and productivity	60	4.1	
2.02 Quality of roads	61	4.2		7.07 Reliance on professional management	57	4.5	
2.03 Quality of railroad infrastructure	55	3.2		7.08 Country capacity to retain talent	66	3.4	
2.04 Quality of port infrastructure	57	4.5		7.09 Country capacity to attract talent	90	3.0	
2.05 Quality of air transport infrastructure	75	4.2		7.10 Female participation in the labor force ratio to men	124	0.42	
2.06 Available airline seat kilometers millions/week	55	349.9		8th pillar: Financial market development	83	3.8	
2.07 Quality of electricity supply	96	4.0		8.01 Availability of financial services	62	4.2	
2.08 Mobile-cellular telephone subscriptions /100 pop.	66	118.5		8.02 Affordability of financial services	67	3.8	
2.09 Fixed-telephone lines /100 pop.	78	11.4		8.03 Financing through local equity market	44	4.2	
3rd pillar: Macroeconomic environment	94	4.3		8.04 Ease of access to loans	56	4.0	
3.01 Government budget balance % GDP	106	-5.7		8.05 Venture capital availability	57	3.0	
3.02 Gross national savings % GDP	38	27.1		8.06 Soundness of banks	70	4.9	
3.03 Inflation annual % change	70	3.7		8.07 Regulation of securities exchanges	72	4.2	
3.04 Government debt % GDP	109	77.3		8.08 Legal rights index 0-10 (best)	106	2	
3.05 Country credit rating 0-100 (best)	79	38.6		9th pillar: Technological readiness	106	3.2	
4th pillar: Health and primary education	43	6.2		9.01 Availability of latest technologies	90	4.3	
4.01 Malaria incidence cases/100,000 pop.	1	0.0		9.02 Firm-level technology absorption	79	4.3	
4.02 Business impact of malaria	n/a	5.0		9.03 FDI and technology transfer	99	4.0	
4.03 Tuberculosis incidence cases/100,000 pop.	81	65.0		9.04 Internet users % pop.	97	32.1	
4.04 Business impact of tuberculosis	82	5.2		9.05 Fixed-broadband Internet subscriptions /100 pop.	89	4.1	
4.05 HIV prevalence % adult pop.	1	<0.1		9.06 Internet bandwidth kb/s/user	95	22.0	
4.06 Business impact of HIV/AIDS	78	5.2		9.07 Mobile-broadband subscriptions /100 pop.	121	18.3	
4.07 Infant mortality deaths/1,000 live births	52	8.4		10th pillar: Market size	59	4.2	
4.08 Life expectancy years	65	75.0		10.01 Domestic market size index	57	4.1	
4.09 Quality of primary education	48	4.5		10.02 Foreign market size index	66	4.5	
4.10 Primary education enrollment rate net %	20	98.9		10.03 GDP (PPP) PPP \$ billions	59	260.6	
5th pillar: Higher education and training	78	4.2		10.04 Exports % GDP	99	21.1	
5.01 Secondary education enrollment rate gross %	49	99.7		11th pillar: Business sophistication	59	4.1	
5.02 Tertiary education enrollment rate gross %	97	19.8		11.01 Local supplier quantity	77	4.5	
5.03 Quality of the education system	60	3.8		11.02 Local supplier quality	72	4.3	
5.04 Quality of math and science education	39	4.6		11.03 State of cluster development	54	3.9	
5.05 Quality of management schools	49	4.5		11.04 Nature of competitive advantage	63	3.6	
5.06 Internet access in schools	94	3.7		11.05 Value chain breadth	51	4.0	
5.07 Local availability of specialized training services	63	4.4		11.06 Control of international distribution	74	3.6	
5.08 Extent of staff training	58	4.1		11.07 Production process sophistication	63	3.9	
				11.08 Extent of marketing	70	4.4	
				11.09 Willingness to delegate authority	56	4.5	
				12th pillar: Innovation	54	3.4	
				12.01 Capacity for innovation	66	4.1	
				12.02 Quality of scientific research institutions	79	3.6	
				12.03 Company spending on R&D	41	3.7	
				12.04 University-industry collaboration in R&D	54	3.6	
				12.05 Gov't procurement of advanced technology products	70	3.3	
				12.06 Availability of scientists and engineers	54	4.2	
				12.07 PCT patents applications/million pop.	76	0.7	

Note: Values are on a 1-to-7 scale unless indicated otherwise. Trend lines depict evolution in values since the 2012-2013 edition (or earliest edition available). For detailed definitions, sources, and periods, consult the interactive Economy Profiles and Rankings at <http://gcr.weforum.org/>