

Shaping the Future of Plastics in Sri Lanka

Industry Trends, Trade, and Sustainability Pathways

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1. Introduction

1.1 Purpose and scope of the article

The purpose of this article is to provide a comprehensive review of the plastics industry in Sri Lanka, assessing its size, structure, market performance, regulatory environment, and sustainability challenges. The scope is national, but with references to global developments that shape local industry dynamics. By examining trade flows, sectoral demand, policy frameworks, and technological trends, the article aims to deliver insights valuable to policymakers, businesses, and researchers concerned with industrial growth and environmental management in Sri Lanka (OECD, 2022).

1.2 Importance of industry reviews

Industry reviews are critical for aligning strategic priorities across government and industry stakeholders. For policymakers, they offer evidence for regulatory reforms, investment incentives, and environmental safeguards (UNIDO, 2020). For businesses, reviews provide strategic intelligence on raw material trends, import dependency, and consumer market shifts. For academics and researchers, they highlight areas for further exploration, such as recycling technologies, bio-based plastics, and circular economy models (Al-Salem et al., 2023). In the case of Sri Lanka, where plastics contribute significantly to domestic consumption and exports, periodic reviews help navigate between growth imperatives and sustainability demands.

1.3 Background of the plastics industry (global and Sri Lankan perspective)

Globally, the plastics industry is valued at more than **USD 600 billion**, driven by demand in packaging, construction, healthcare, and consumer goods (Grand View Research, 2023). However, concerns over environmental sustainability, particularly waste

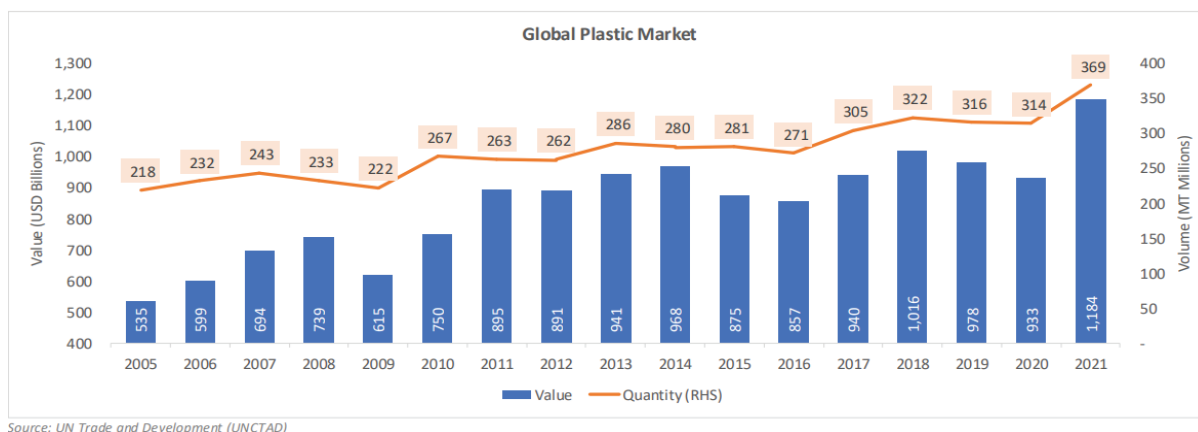
management and single-use plastics, have accelerated regulatory and technological changes (PlasticsEurope, 2022).

Sri Lanka's plastics industry, though smaller in scale, plays a vital role in supporting local manufacturing and export capacity. More than 400 enterprises are engaged in plastic processing, supplying approximately 140,000 metric tons annually, with demand concentrated in packaging, construction, household goods, and healthcare (Sri Lanka Business, 2024). The industry is highly import-dependent for raw polymers such as polyethylene and polypropylene, yet it shows steady annual growth of 10–12% (Ministry of Industry, 2023). These features make the sector both an economic enabler and a sustainability challenge, warranting closer review.

2. Global Plastics Industry Overview

2.1 Market size, growth trends, and leading global players

The global plastics market is large and steadily expanding. In 2023 the plastics market was valued at approximately **USD 624.8 billion**, and it is forecasted to grow to about **USD 645.1 billion by 2030**, at a compound annual growth rate (CAGR) of around **4.2%** for 2024–2030 (Grand View Research, 2023). Other estimates show somewhat lower base values but similar growth trajectories; for example, Fortune Business Insights places market size at **USD 524.48 billion in 2024**, rising to **USD 754.23 billion by 2032**, implying a CAGR of approximately **5.1%** (Fortune Business Insights, 2024).



Source: UN Trade and Development (UNCTAD)

Figure 01 – Global Plastic Market growth (from 2005 to 2021)

Source – UN Trade and Development (UNCTAD)

The Asia-Pacific region dominates in both volume production and revenue share, supported by rapid industrialization, urbanization, and growing demand in sectors like packaging, construction, and household goods (Fortune Business Insights, 2024). Polyethylene (PE) leads among plastic resin types, due to its versatility and broad use in packaging and consumer product applications. Other major polymer types include polypropylene (PP), polyethylene terephthalate (PET), polyvinyl chloride (PVC), and polystyrene (PS) (Verified Market Reports, 2025).

Major global players in the plastics sector include **SABIC, Borouge, LyondellBasell, Dow Inc., INEOS, ExxonMobil Chemical**, among others (Fortune Business Insights, 2024). These firms are influential in raw resin production, R&D of advanced plastics, and in scaling sustainability efforts due to their economies of scale and market reach.

2.2 Key technological and sustainability trends

Three linked trends are shaping the global plastics industry:

- **Circular economy & recycling:** There is growing emphasis on recycling (mechanical and chemical), reuse, and designing products for end-of-life recovery. Regulatory pressures and consumer expectations are pushing for higher recycled content in plastics and reduced reliance on virgin fossil-based resins (Fortune Business Insights, 2024).
- **Bioplastics and renewable feedstocks:** Bioplastics (derived from corn starch, sugarcane, etc.) and bio-based polymers are gaining traction, particularly for use in packaging

and disposable goods, as more regions adopt mandates or incentives for biodegradable or compostable materials (Fortune Business Insights, 2024).

- **Digitalization, automation, and performance-oriented innovations:** Manufacturers are investing in process automation (e.g., robotics, IoT), advanced polymer chemistries (for lightweight, high-strength, or improved thermal/chemical resistance), and smarter manufacturing to reduce waste and enhance product quality (Grand View Research, 2023).

2.3 Global challenges: feedstock price volatility, environmental regulations, and more

Despite growth, the sector faces several serious challenges:

- **Feedstock price and supply volatility:** Most conventional plastics are derived from fossil fuels (petroleum, natural gas). Fluctuations in crude oil and gas prices, supply chain disruptions, geopolitical instability, and tightening of fossil fuel extraction standards all contribute to cost uncertainty and risk (Research and Markets, 2023).
- **Environmental regulations and policy pressure:** Many countries have introduced bans or stricter controls on single-use plastics, increased requirements for recycled content, restrictions on certain additives or plastic types, and extended producer responsibility laws. These raise compliance costs and force changes in material selection and design (Fortune Business Insights, 2024).

- **Sustainability demands and public perception:** Growing awareness about plastic pollution (especially marine plastics and microplastics), carbon emissions in plastic production, and waste management deficits pressure companies to adapt or face reputational risk (Fortune Business Insights, 2024).
- **Technological & infrastructure gaps for recycling:** Even where regulatory pressure and market demand exist, many regions lack sufficient recycling infrastructure, sorting systems, and investment in advanced recycling technologies, which limits scale and effectiveness (Verified Market Reports, 2025).

3. Sri Lankan Plastics Industry Context

3.1 Size and structure of the plastics industry

The plastics industry in Sri Lanka consists of numerous processors ranging from small workshops to larger enterprises focusing on packaging, construction materials, household goods, and industrial components (Data Book 2023). Local manufacturers engage in processes such as injection moulding, extrusion (films, sheets, pipes), thermoforming, and flexible and rigid packaging (Ministry of Industries, 2024). While exact total production tonnage for plastics alone in 2024 is not publicly documented, the industry is noted to have “significant growth” in recent years, driven by increased consumption in packaging, construction, and consumer goods sectors (Data Book 2023).

3.2 Import dependence on raw polymers

Sri Lanka remains heavily dependent on imports for raw polymer materials (virgin resins, additives, and semi-finished plastics). According to a recent market outlook, in 2023 Sri Lanka’s plastic import market was **approximately USD 852 million**, and it is projected to reach **USD 959 million** by 2028, with an average annual growth rate of about **1.9%** (ReportLinker, 2024). Meanwhile, plastic exports were around **USD 98 million** in 2023, forecasted to increase to about **USD 110 million** by 2028 (ReportLinker, 2024). These figures reflect a large disparity between import and export values, indicating that much of domestic plastic demand is met through imports (ReportLinker, 2024).

3.3 Major local players and their contributions

The Data Book (2023) indicates that many local firms are involved in packaging (films, flexible and rigid packaging), household plastics (containers, storage items), construction plastics (pipes, sheets, profiles), and industrial/consumer accessories. Some companies

have also begun exploring recycled plastics and eco-friendly material alternatives in response to regulatory and market pressures (Ministry of Industries, 2024). PRISL has highlighted optimism for demand recovery in certain export markets, such as the United States, for select plastic products (Daily Mirror, 2025), which suggests export-oriented firms are active.

3.4 Sectoral demand: packaging, construction, household goods, healthcare

The strongest demand in Sri Lanka has been in **packaging**, especially flexible film and packaging for food & beverage and retail, followed by **construction** for pipes, fittings, and sheets. Household goods (storage containers, kitchenware, small appliances) remain steady consumers of plastic materials. The **healthcare** sector demand is growing but remains relatively small; for example, demand for medical disposable items and sterile packaging increased during and after the COVID-19 pandemic. There is also a rising interest in sustainable packaging among consumers and regulators, which is influencing product design and materials used.

4. Trade Dynamics and Market Performance

4.1 Import vs export performance (values, volumes, trends)

Recent data show a significant trade deficit in plastics, where imports of plastics and plastic packaging materials are much higher than exports. As noted, in 2023 imports were around **USD 852 million**, with exports at about **USD 98 million** (ReportLinker, 2024). Export growth is modest, projected to reach USD 110 million by 2028 (ReportLinker, 2024). The growth rate of import volume (or shipments) shows a rise: for instance, plastic material imports in the 12 months September 2023-August 2024 had 166 shipments, supplied by 104 foreign exporters to 55 local buyers, marking a **43% increase** in shipment count compared to the prior 12 months (Volza, 2024). This signals growing import volume.

4.2 Key trade partners

Sri Lanka imports plastic raw materials and packaging products from a variety of countries; while specific recent ranking data for all partners is limited, trade records show substantial imports of plastics from China, Korea, the UAE, India, and Southeast Asian countries (Volza, 2024). On the export side, key destinations include the European Union: in 2024, EU imports of plastics from Sri Lanka amounted to **USD 13.02 million** (Trading Economics, 2024). Also, PRISL has expressed confidence in demand in the U.S. market for select product lines, though precise share data are not publicly available (Daily Mirror, 2025).



Figure 02 – Share of Plastic Imports in Southern Asia in 2023

Source – Harvard of Kennedy School of Government

4.3 Regional competitiveness and opportunities

Sri Lanka's competitive advantages include its strategic location, established small to medium plastics companies with experience in packaging and flexible film production, and generally lower labor costs. Opportunities exist in increasing domestic value-addition (for example, shifting from imported films/sheets to locally produced preforms, molded plastics, or packaging solutions), leveraging trade agreements, and expanding exports to neighboring markets (India, Southeast Asia, Middle East). Growth in recycled plastics, rigid and flexible packaging innovations, and sustainable/eco-friendly materials are emerging areas of opportunity. However, scaling up requires investment in technology, quality standards, and logistics/transport infrastructure.

5. Policy, Regulation, and Institutional Framework

5.1 Government policies on plastics

Sri Lanka has begun implementing regulatory measures to control plastic waste and manage environmental impact. For instance, the National Action Plan on Plastic Waste Management (2021-2030) outlines targets and measures for waste reduction, recycling, and improved collection systems. There are bans or restrictions on selected single-use plastic items; adoption of Extended Producer Responsibility (EPR) frameworks is being explored. Policy discussions and implementation are ongoing, though enforcement in many local areas remains a challenge.

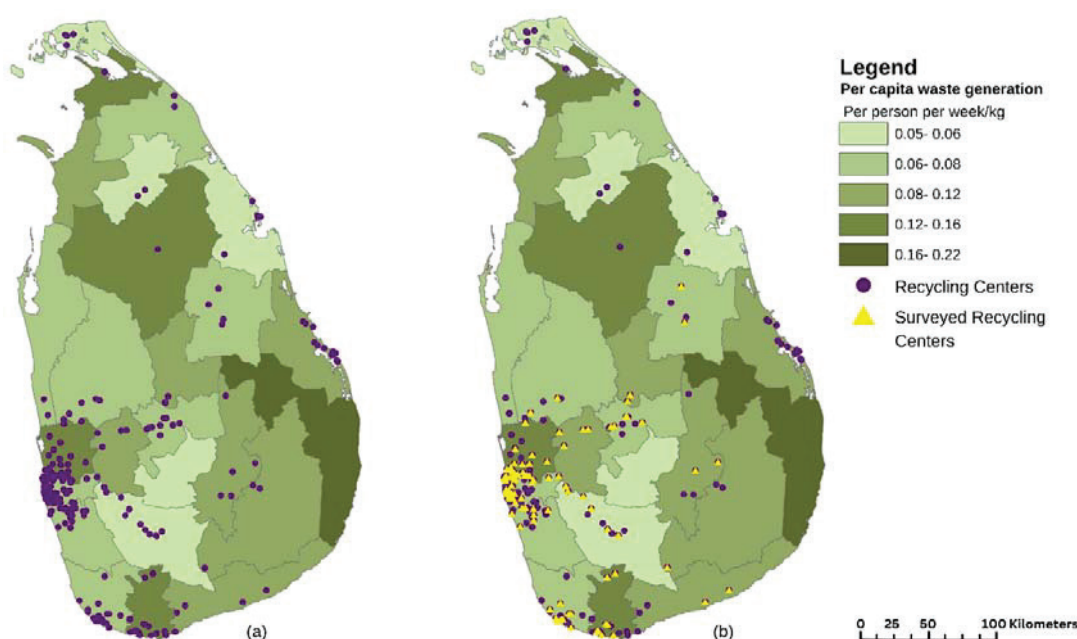


Figure 03 – Registered recycling and waste collecting centers in Sri Lanka

Source – Statistical Package for the Social Science (2024)

5.2 Industry regulations and incentives

Regulation of plastics imports and standards falls under various statutes and regulatory bodies; import licensing, material standards, and environmental controls are used to manage quality and environmental safety (Data Book 2023). Incentives for local plastic processors may include duty concessions or tax benefits when local content or processing value addition is increased (as per policy drafts and trade-promotion offerings), though detailed updated incentive schedules specific to plastics were not publicly available in the latest reports. Compliance with international packaging and export standards (e.g., for food safety, recyclable content) is becoming more important for export-oriented firms.

5.3 Role of PRISL and other associations

The Plastics & Rubber Institute of Sri Lanka (PRISL) functions as the professional body that connects industry players, provides training, technical guidance, and participates in policy dialogue. In 2025, PRISL publicly expressed optimism about demand for Sri Lankan plastics products in U.S. markets rebounding,

which suggests their advocacy and market intelligence roles remain relevant (Daily Mirror, 2025). Other institutions, such as the Ministry of Industry, the Export Development Board (EDB), and environmental agencies, play regulatory, trade-promotion, and environmental oversight roles. Collaboration between the government, PRISL, the private sector, and NGOs is seen as essential to implement policies successfully.

6. Sustainability and Circular Economy Practices

Sri Lanka faces serious environmental challenges linked to plastics. The country generates over **260,000 tons** of plastic waste annually, of which around **69%** remains unmanaged — uncollected, burnt, or openly dumped (Ministry of Environment, 2024). A national plastic waste inventory confirmed that only about **3%** of plastic waste is recycled in formal systems, with the rest contributing to pollution and leakage into rivers and marine ecosystems (Jayasinghe, 2023). Mismanagement at every stage of the waste chain — collection, transport, and disposal — amplifies the problem (Balachandra & Abeyssekara, 2024).

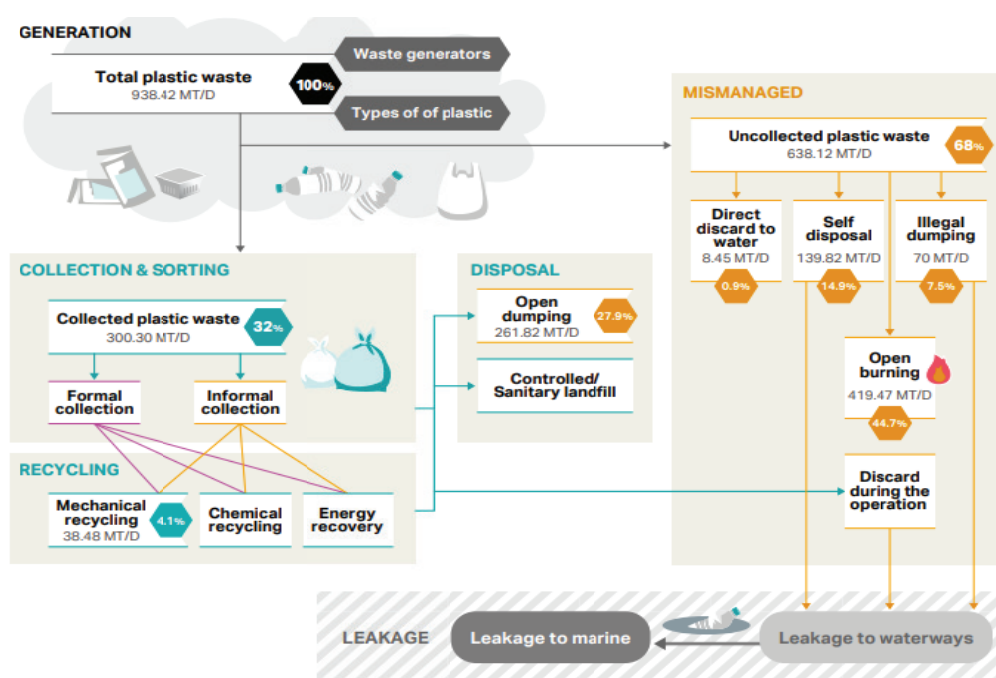


Figure 04 – Estimated Plastic Material Flow in Sri Lanka

Source – Ministry of Environment, Sri Lanka (2024)

Several initiatives have been launched to address these gaps. The **National Action Plan on Plastic Waste Management 2021–2030** provides a policy framework for reducing plastic leakage, improving collection efficiency, and scaling recycling infrastructure (SWITCH-Asia, 2024). Industry-led initiatives such as the **Plasticcycle programme** by John Keells have built community awareness and established collection points to channel plastics for recycling (Biodiversity Sri Lanka, 2024). Government agencies are also exploring

Extended Producer Responsibility (EPR) schemes, alongside bans on selected single-use plastic products (SWITCH-Asia, 2024).

Biodegradable plastics are increasingly discussed as an alternative. The 2024 Congress for Sustainable Materials highlighted their potential in packaging, food service, and retail, though costs and lack of technical standards limit uptake (Hayleys, 2024). Green manufacturing practices are also emerging, with firms introducing

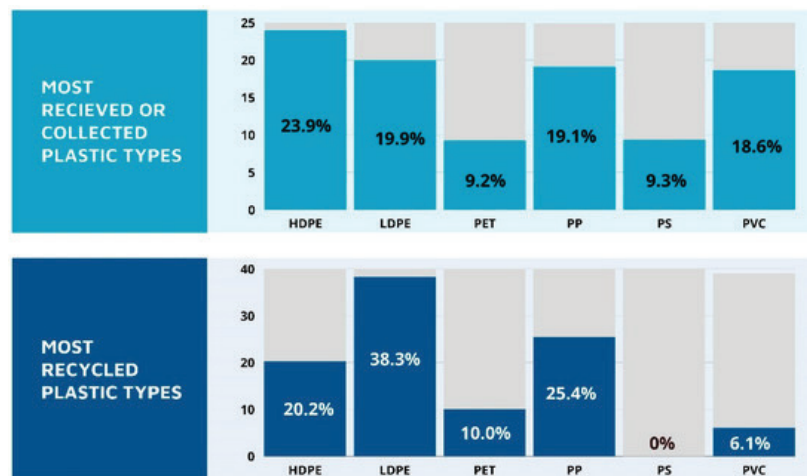


Figure 05 – Plastic collection and recycling at collection centres

Source – Statistical Package for the Social Science (2024)

energy efficiency measures such as variable frequency drives and audits to manage high energy costs (Industries Climate Response, 2025). These practices show early promise but require stronger policy support, investment, and consumer acceptance to scale effectively.

7. Challenges Facing the Sri Lankan Plastics Industry

Sri Lanka’s plastics industry is highly **import-dependent**. Virgin resins and polymer intermediates are imported mainly from India, China, and other Asian markets. Consequently, global oil price fluctuations and exchange rate volatility directly influence production costs and profit margins (ReportLinker, 2024). This leaves processors vulnerable to external shocks and reduces competitiveness.

Energy and infrastructure limitations represent another critical challenge. The 2022–2023 energy crisis underscored how energy-intensive plastics processing is, and how electricity shortages or tariff hikes can raise costs sharply (Industries Climate Response, 2025). Modernizing equipment could improve efficiency, but high capital costs act as a barrier. Waste management infrastructure also remains weak — particularly in non-urban areas — which hinders recycling and circular economy development (Ministry of Environment, 2024).

Finally, **waste management and consumer perception** remain problematic. Public awareness of proper segregation and disposal is limited, and consumer willingness to pay for eco-friendly or biodegradable plastic alternatives remains low (Jayasinghe, 2023). Enforcement of single-use plastic bans is inconsistent, contributing to ongoing leakage of plastics into the environment (SWITCH-Asia, 2024). Together, these issues create a cycle of environmental harm and reputational risks for the industry.

8. Future Outlook and Opportunities

Despite challenges, the plastics industry in Sri Lanka retains strong **growth potential**. Packaging is expected to remain the largest demand sector, with growth in flexible packaging, PET bottles, and retail films (Data Book, Ministry of Industry, 2024). Construction will continue to drive demand for pipes, sheets, and roofing as infrastructure projects expand. Export opportunities exist in value-added packaging and household plastics, especially in the US and EU, where compliance with sustainability standards can provide a competitive advantage (Daily Mirror, 2025).

Digital technologies and R&D will be central to competitiveness. Adoption of automation, IoT, and predictive maintenance could reduce waste and energy intensity (Industries Climate Response, 2025). Research collaborations with universities can accelerate the development of biodegradable plastics and improved recycling technologies. Globally, investment in chemical recycling and compostable materials is increasing, and Sri Lanka can benefit by adapting these to local needs (Hayleys, 2024).

Public-private partnerships (PPPs) represent a key enabler. Recycling infrastructure — such as material recovery facilities and advanced sorting plants — requires capital beyond the capacity of most local SMEs. PPPs can fill this gap while fostering shared responsibility. Incentives such as tax breaks for recycled content, subsidies for biodegradable alternatives, and international funding for sustainability projects can further support industry transition (SWITCH-Asia, 2024). Industry associations like PRISL are positioned to connect firms with policymakers and international trade partners to align local practices with global standards (Daily Mirror, 2025).

9. Conclusion

The plastics industry in Sri Lanka is at a crossroads. On one hand, it underpins critical sectors such as packaging, construction, and consumer goods, supporting economic growth and employment. On the other hand, it contributes heavily to environmental degradation, with mismanaged waste exceeding **69%** of total plastic waste generated (Ministry of Environment, 2024). Low recycling rates, high import dependency, energy constraints, and weak waste infrastructure remain core issues.

Yet there are opportunities. National strategies such as the **Plastic Waste Management Action Plan 2021–2030**, industry-led initiatives like **Plasticcycle**, and rising interest in biodegradable plastics and green manufacturing provide momentum for change (Hayleys, 2024). To capitalize on this, Sri Lanka must strengthen regulatory enforcement, expand waste management infrastructure, invest in R&D and energy-efficient technologies, and promote PPPs for recycling and sustainable innovation.

Ultimately, aligning **policy, business, and research** is vital. If collaboration is achieved, the plastics industry can transition from being a driver of pollution to a leader in sustainable industrial development. With the right mix of incentives, investments, and consumer behaviour change, Sri Lanka's plastics industry can secure both its economic future and environmental responsibility.

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