



# INVESTMENT OPPORTUNITIES IN SRI LANKA

*FOR THE MANUFACTURING SECTOR*

*The Best Destination In Asia To Grow Your Business*

*[www.investsrilanka.com](http://www.investsrilanka.com)*

**Renuka M Weerakone**  
*Director General*  
*Board of Investment of Sri Lanka*

# WHY SRI LANKA



Investment Climate



Investment Incentives



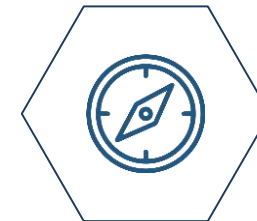
Talent & Education



Market Access



Quality of Life



Location Advantages



### Conducive Investment Policy

- 100% Foreign Ownership
- 100% Repatriation of profits
- Foreign Investments Guaranteed by the Constitution
- Strong Intellectual Property laws in line with WIPO regulations
- Signatory to the Multilateral Investment Guarantee Agency (MIGA) of the World Bank
- Investment Protection Agreement with 26 countries
- Double Taxation Relief Agreement with 45 countries
- Signatory to SAARC Multilateral Treaty



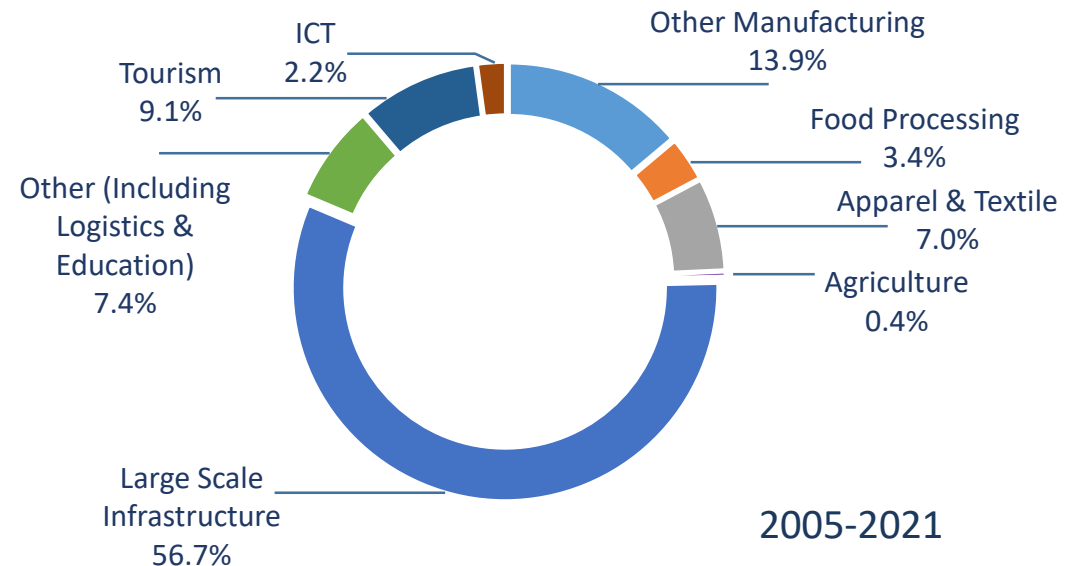
### 4 Decades and Counting

- The BOI partners with its clients for smooth facilitation and has successfully been doing so for over 40 years



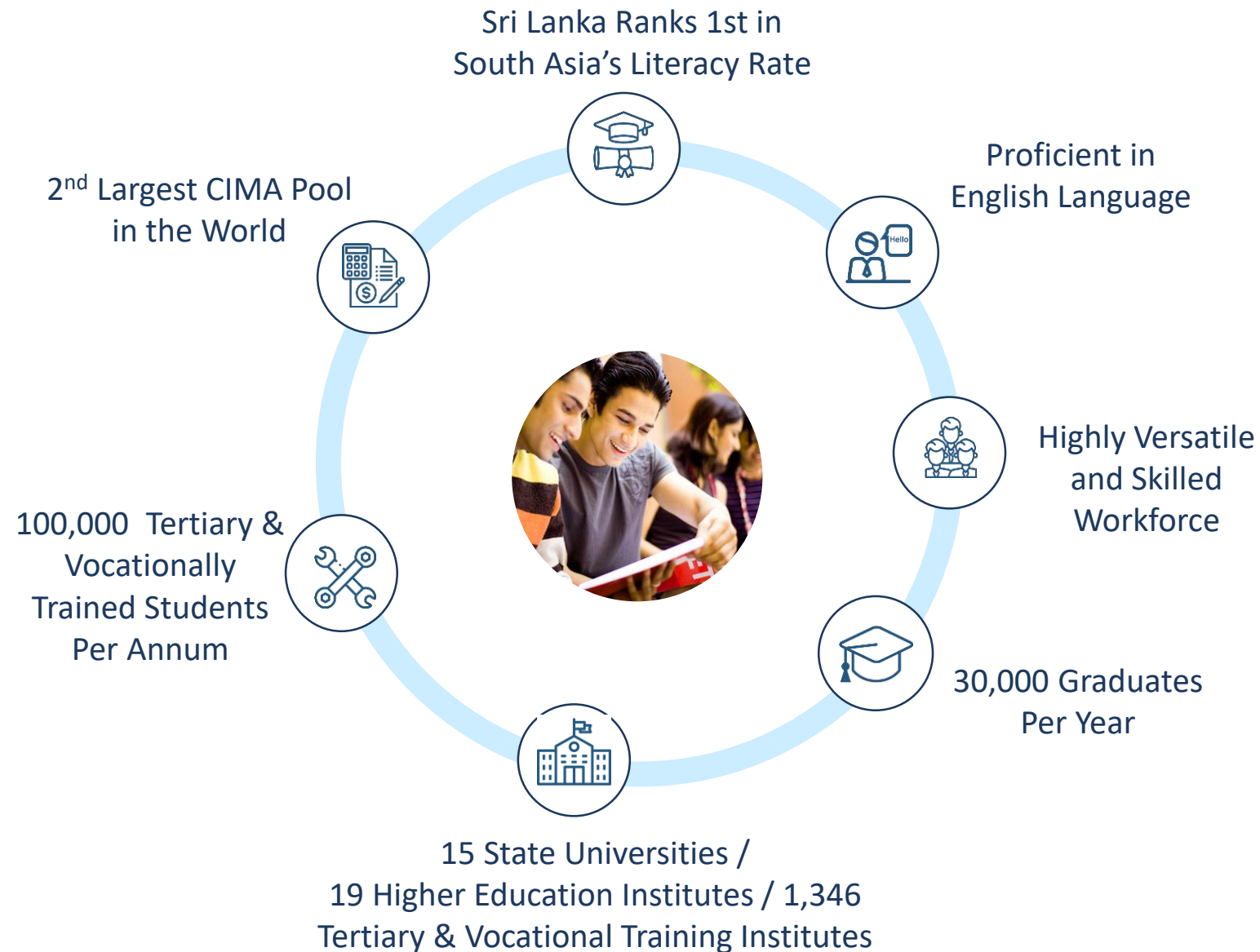
### Vibrant business environment, home to over 1,200 foreign companies under BOI across multiple sectors

- Manufacturing (High value added/ High tech)
- Apparel
- IT Services
- Tourism
- Food Processing
- Logistics
- Education
- Large-scale Infrastructure

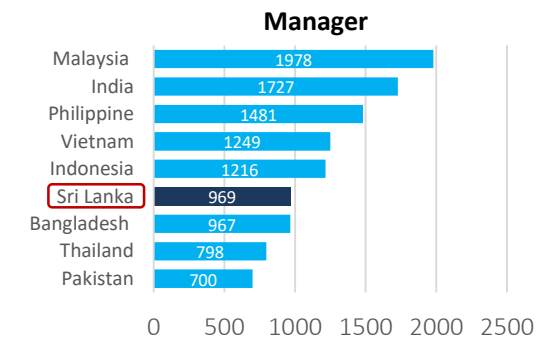
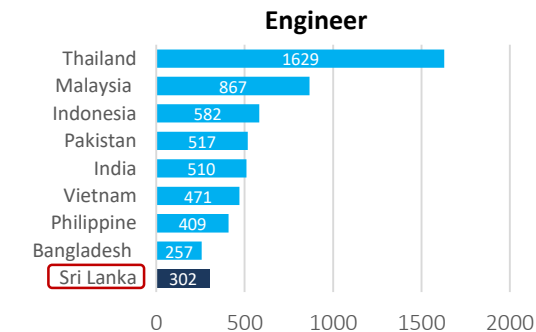
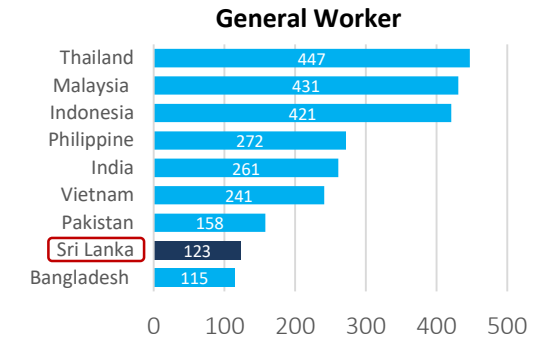


# WHY SRI LANKA

## Talent & Education



### Wage comparison - US\$



Source: JETRO survey 2021

# WHY SRI LANKA

## Location Advantages



### Global Connectivity

- Trans-shipment Hub in South Asia
- Well Connected to Trade & Business Centres
- Strategically Located at the Crossroads of Major Shipping Routes
- The East- West Shipping Route passes just 8 Nautical Miles South of the Island



### Sea Connectivity

#### Colombo Port

- **1<sup>st</sup> in South Asia / 22<sup>nd</sup> in the World** - WB and S&P Market Intelligence - 2022
- **17<sup>th</sup> best connected port** - Port Liner Shipping Connectivity Index (1st Quarter 2022- UNCTAD)
- **24<sup>th</sup> best TEUs throughput** - Lloyds List Top 100 Ports
- **3 Terminals** with 11 berths with 12-18m depth (JAYA, SAGT, CICT)
- **West Terminal** under construction with 3 berths with 18m depth

#### Hambanthota Port

- Declared as a **Free Port**
- **Operates Across Multiple Sectors** - Roll-on/Roll-off(RO-RO), Container Cargo, Conventional Cargo, Dry Bulk Cargo, Breakbulk Cargo, Project Cargo, Liquid bulk Cargo, Petro Chemicals, Marine Bunker Fuel and Cruise Terminals
- **10 berths** with 17m depth
- **Additional 2 berths** dedicated for oil bunkering



### Air Connectivity

#### 3 International Airports

- 100 destinations in 47 countries in Europe, Middle East, South Asia, South East Asia, Far East & North America
- Over 60,000 International Aircraft Movements per annum
- Over 10 Million Passenger Movements per annum
- Cargo Handling over 250,000 MT per annum





### Digital Connectivity

- Availability of faster and more efficient technologies
- 5G Enabled Business Eco System
- Sri Lanka becomes the first South Asian country to trial 5G technology in 2022
- Facilitate and enhance enterprise solutions to enable 4<sup>th</sup> Industrial Revolution such as AI, Big Data Analytics



### Fibre Connectivity



- **19,200km** submarine cable system between Singapore and France (Marseille), crossing Egypt through terrestrial cables.
- Consists of **10 fiber pairs**, with **12.6Tbps per fiber pair** and **126Tbps system capacity**, using the latest SDM technology, cost approximately US\$500million.
- SEA-ME-WE 6 system is expected to be ready for service by Q1 2025.

Source: SMW6 consortium



Great place to live  
& work



International Healthcare  
Facilities



Leading International Schools  
with Quality Education



8 World Heritage Sites &  
Recreational Activities



Ranked Highest in Human Development  
Index in South Asia



Wide selection of Housing &  
Luxury Condominium  
Apartments



World Class Hotels, High-end  
Shopping, Theatres, Cafe, Art  
& Craft with Cosmopolitan  
Lifestyle

### € Europe

The Generalized Scheme of Preference Plus (GSP+) provides Sri Lanka an easy access to the European Market of over **450 million** customers



European Union is Sri Lanka's second largest trading partner after the United States



Sri Lanka is among the top trading partners of EU.






Full removal of custom duty on over **66%** EU tariff lines



Zero duty facility for over **6,400** items to **27 EU countries**

### Rs Asia

- Sri Lanka is the only country to have Free Trade Agreements with both India and Pakistan, giving duty free access to over **1.5 Bn** consumer market
- FTA with Singapore covers investments & services beyond trade in goods

Country	Tariff Lines	Value Addition
	4,228	35%
	4,676	35%
	All Items	35%

### Regional Trade Agreements

South Asian Free Trade Agreement (SAFTA) - **1.7 Bn**

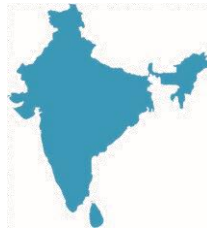
Asia Pacific Trade Agreements (APTA) - **2.5 Bn**



*Access to South Asian and European Markets with over **2 Bn** consumers*



### Sectors with opportunities under ISFTA



- Pharmaceuticals
- Electronics & Electrical
- Automobiles & Auto Components
- Ships, Boats & Floating Structures
- Machinery & Appliances
- Aircrafts & Parts
- Rubber Products
- Instruments (Medical Devices, Measuring & Checking)

### Sectors with opportunities under PSFTA



- Pharmaceuticals
- Electronics & Electrical
- Automobiles & Auto Components
- Ships, Boats & Floating Structures
- Machinery & Appliances
- Aircrafts & Parts
- Rubber Products

### Sectors with opportunities under EU GSP Plus

- Apparel & Clothing
- Fish & Crustaceans
- Vegetables & Food Products
- Value Added Tea
- Animals or Vegetables fats & oil
- Preparation of Meat or fish
- Tobacco products
- Footwear
- Ceramics

### Investment Criteria

#### BOI – Under Sec 17.

- Minimum Investment - US\$ 500,000

#### BOI – Under Sec 16.

- Minimum Investment - US\$ 250,000

#### Strategic Development Project Act (SDP)

- Minimum Investment :  
Pharma – US\$ 5 Mn & Textile – US\$ 10 Mn

### Concessions

- Corporate Income Tax (CIT) – 14% against Standard CIT – 24%
- Customs Duty exemptions on importation of project related items including raw materials during life span of project
- Enhanced Capital Allowance (ECA) of 100% to 200% (based on location & Investment) , granted for projects investing
  - Over US\$ 3Mn in depreciable assets
  - Less than US\$ 3Mn in depreciable assets up to 2024



#### Strategic Development Project Act (SDP)

- Corporate Income Tax (CIT) Exemption : 5-10 years

*Exemptions from VAT/PAL/CESS granted in discussion with the Ministry of Finance*

### Corporate Income Tax Exemptions

<b>5</b> YEARS <b>Tax Holiday</b>		Vocational Education Institutions
		Start-up Companies
		Construction & Installing Communication Towers
		Agro Farming

<b>7</b> YEARS <b>Tax Holiday</b>		Off shore Wind and Floating Solar Power
		Boat & Ship Building

<b>10</b> YEARS <b>Tax Holiday</b>		Recycling Construction Materials
		Export Industries under SDP – Manufacturing
		Agriculture Products and Processing – SDP
		Tourism - SDP

<b>Exempted</b>		Information Technology Related Business
		Export Oriented Services
		Bonded & Offshore Business Warehouses

# WHY SRI LANKA



**15 EPZ** in Operation



**280 Companies** in Operation

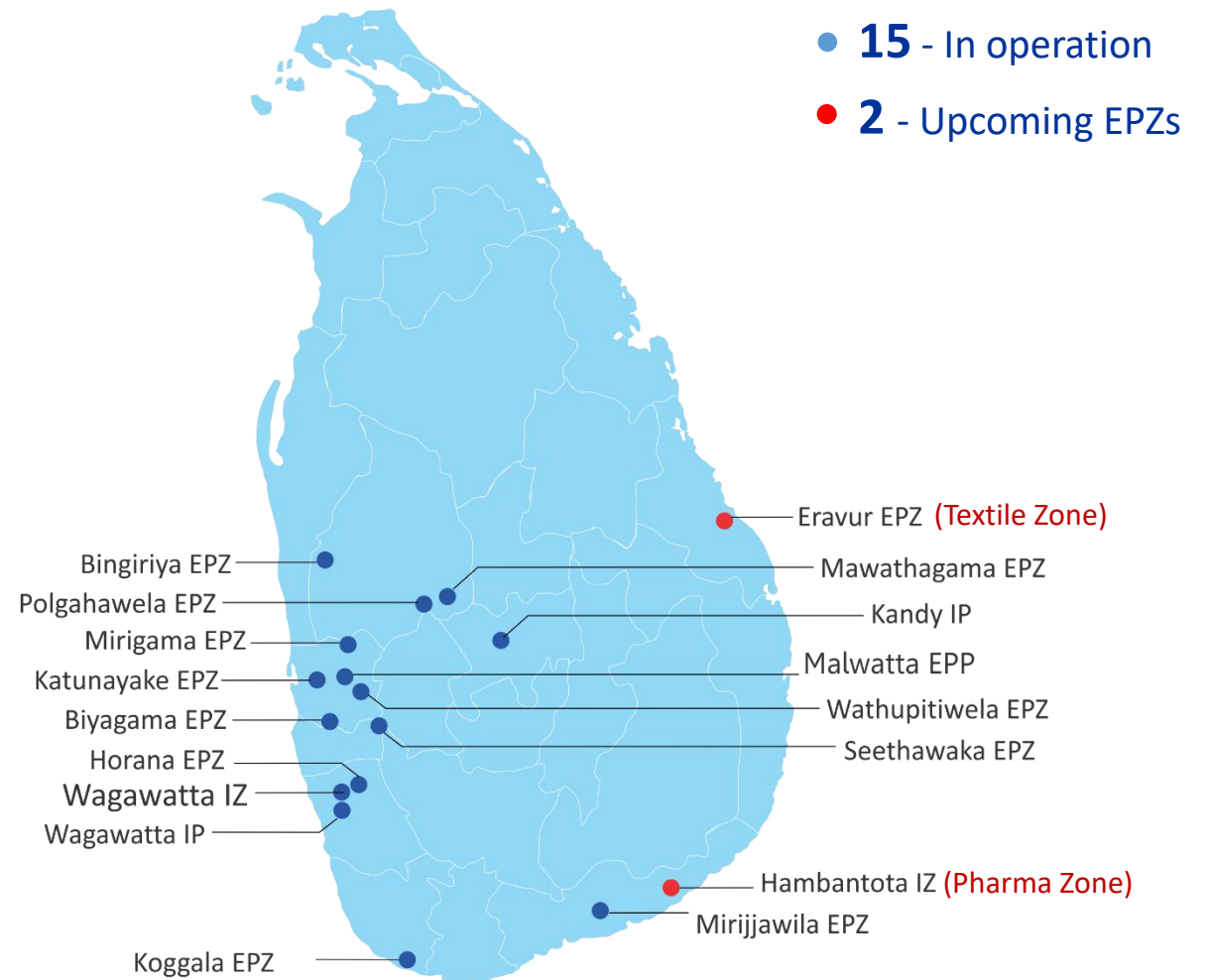


**>135,000** Employment



**US\$ 3 Bn** Annual Exports Revenue

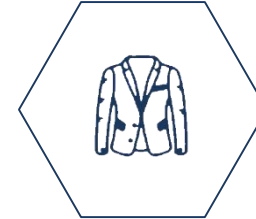
## Export Processing Zones



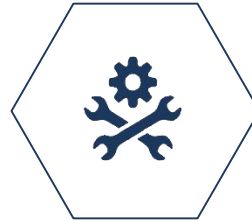
# Manufacturing Sector



Pharmaceutical & Medical Devices



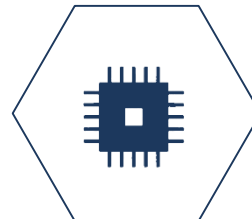
Textile and Apparel



Automotive Component  
& Rubber Based Products

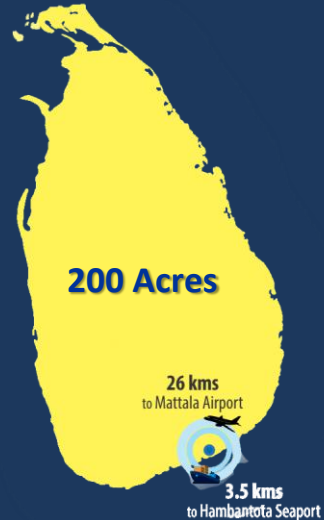


Boat Building



Electronics & Electrical  
Components

## Dedicated Zone for Pharmaceutical Manufacturing



### Why Sri Lanka for Pharmaceutical sector

Proposed State of the Art Modern Zone

Opportunity for Manufacturers, R&D,  
Active Pharmaceutical Ingredients &  
Formulation

Manufacturing location with easy access  
to global markets including US & EU

Strategic Location near Hambanthota Port  
& International Airport

**Pre-cleared environmental** approvals for  
all products

Minimum 5–10-year tax holiday

Exemption on Customs Duty/VAT/PAL &  
CESS for Importation for Project Related  
Items

Highly versatile & skilled workforce, ideal  
for R&D, precision and complex  
manufacturing processes

### Recommended Activities

#### Pharmaceuticals, Medicinal Chemical and Botanical Products Manufacturing Facilities

- Formulation of antibiotics
- Manufacture of antibiotics
- Formulation of Other products (chemical/plant extracts)
- Manufacture of other products (chemical/plant extracts)
- Manufacture of three types of main Radiopharmaceuticals commonly used in cancer treatment (I-131, TC-99, F 18). *To be produced under the guidance of Sri Lanka Atomic Energy Board and Sri Lanka Atomic Energy Authority*
- Manufacture of Cosmetic products
- Manufacture of Ayurvedic drugs
- Manufacture or Assembling of medical devices

#### Related Ancillary Facilities

- R&D facilities, including biotechnology research and production
- Laboratory testing facilities

## Dedicated Zone for Textile Manufacturing



### Why Sri Lanka for Textile & Apparel Sector

Global reputation as a quality sourcing destination

#1 destination in fair labor practices and safe working conditions

International zone **design** with **low carbon footprint**

**Pre-cleared environmental** approvals for all products

**Port connectivity** through expressways

Potential to Cater Locally Established US\$ 5 Bn Apparel Sector

5-10 years tax holiday for exports and import substitution

### Recommended Activities

- Textile and Yarn
  - Manufacturing
  - Dyeing
  - Printing
  - Washing

### Catering to the world's best brands



VICTORIA'S  
SECRET



Limitedbrands



## Automotive Components and Rubber Based Products



### Why Sri Lanka for Automotive Components and Rubber Based Products

Sri Lanka is the **largest exporter of industrial solid tyres** and the **fifth largest exporter of latex gloves to the world**

World's best quality crepe rubber originates in Sri Lanka

The country's premium quality natural rubber type known as "Lankaprene" is odour free to the most extent, light-coloured, and clean, largely used for medical equipment and upmarket value-added products.

Provides a variety of products to numerous high-profile brands across the globe

### Companies catering to International Markets



### Auto Components-Potential Products

- Wiper blades
- Clutches and parts
- Gear boxes
- Suspension systems (Including shock absorbers)
- Safety airbags with inflator system
- Safety seat belts
- Electrical lighting or signal equipment
- Steering wheels
- Drive-axles with differential
- Aircraft Safety nets

### Rubber based - Potential Products

- Rubber Gloves / Surgical Gloves/ Industrial Gloves/ Household Gloves.
- High-tech Gloves
- Solid Tyres & Pneumatic Tyres.
- Moulded Rubber Products.
- Foam Rubber Products

## Boat & Ship Building

### Why Sri Lanka for Boat Building

Potential for being a hub for boat manufacturing

1700 km long coastline with over 12 fisheries harbor

Highly skilled and highly trainable workforce - Ideal for high quality

Low cost wages

Strategic location

Duty free Market access to India, Pakistan & EU

Successful track record of foreign companies manufacturing Yachts, Speed boats, Kayaks, Rowing boats for exports

### Potential Products

- Pleasure Boats
- Commercial Boats
- Ships building
- Fishing Boats
- Military vessels
- Ship Repairs
- Underwater Cable Laying Vessels

### Companies catering to International Markets



Colombo Dockyard PLC



## Electronics & Electrical Components

*Sri Lanka is an emerging player with aggressive growth globally, by leveraging on the South Asian region becoming a hot spot for electrical and electronic manufacturing.*



### Why Sri Lanka for Electronics & Electrical Components

Design to Delivery Destination - ability to provide end-to-end delivery of products and services

Sri Lanka is renowned for the flexibility in accommodating dynamic and challenging buyer requirements

Technological expertise and know how

Skilled and intelligent middle tier technology workforce

Cost advantages and affordability

Provides a variety of products to numerous high-profile brands across the globe

### Potential Products

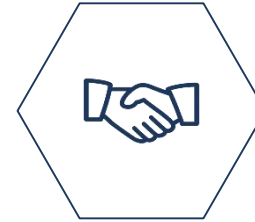
- Auto Components Sector
- High - Precision Sensors
- Printed Circuit Boards
- Wire Harness
- High quality precision weight measurement instruments
- Electrical Transformers
- Static Converters
- Insulated Wires and Cables
- Capacitors
- Coils
- Switches & Panel Boards

### Catering to the world's best brands





# BOI Facilitation



Our Services



Investor Facilitation Centre



### Investor Matchmaking Facility



### Digitization

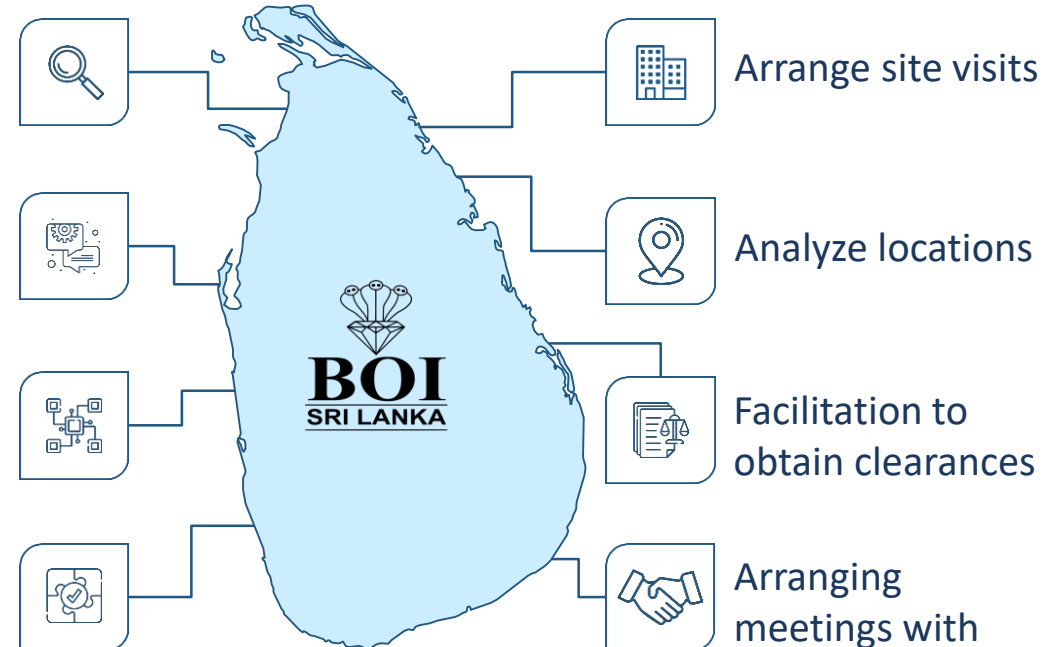
- Web submission
- Online Visa application
- Import Export portal
- Export Data
- Declarant Portal
- Job Bank
- Land Bank
- Local Sales
- ID issuing system

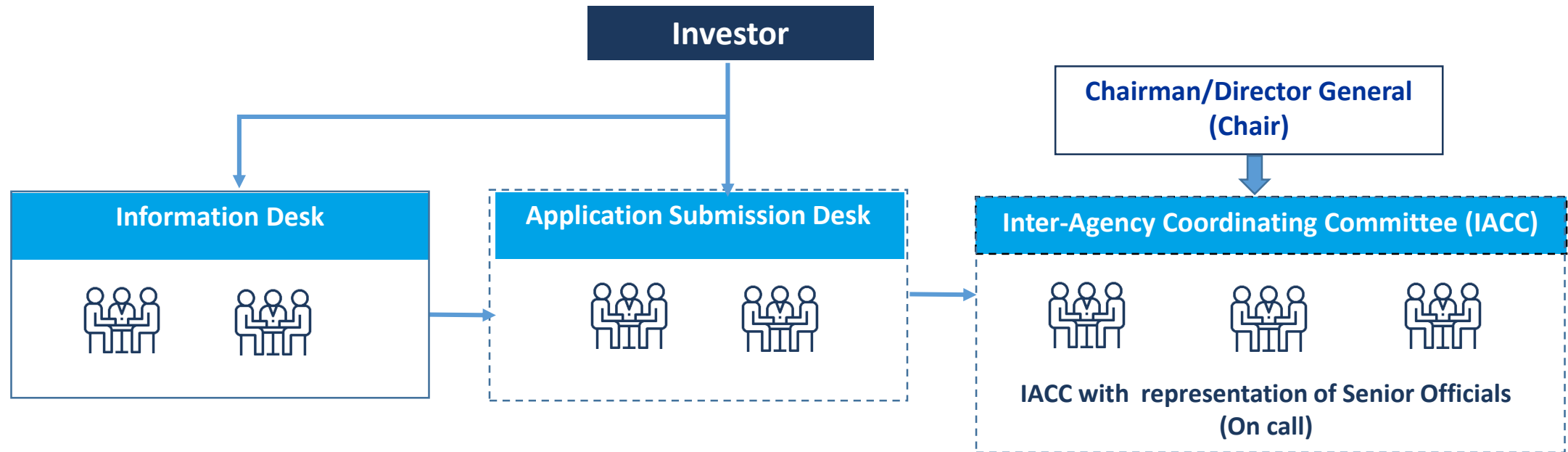
Research relevant to  
your investment

Detail explanation and  
clarification of policies

Connect to relevant  
stakeholders

Issue resolution







# Home to Renowned Manufacturers



*Sri Lanka - The Best Destination In Asia To Grow Your Business*

THANK YOU



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