

## **Recent developments of the Board of Investment of Sri Lanka**

Sri Lanka is one of the best-connected countries in South Asia thanks to its strategically vital location a few hours away by air from major global hubs. Home to one of the top 25 container ports in the world, the country is a key port of call for shipping lines and airfreight services. Further, Sri Lanka's proximity to the Indian sub-continent positions the country as a gateway to a market of 1.9 billion people in South Asia alone. These factors combined, generate keen interest for Sri Lanka as a preferred investment destination in the region.

Sri Lanka is bouncing back from the turbulent times recently experienced to a stable business location which is evident with the number of investors who have conveyed confidence and interest in investing in Sri Lanka in recent times.

In this context, the Board of Investment (BOI), the apex agency for foreign direct investment in Sri Lanka, has a crucial role to play in immensely contributing to the national economy. Established in 1978, under Greater Colombo Economic Commission, the BOI is one of South Asia's foremost investment promotion agencies. There are over 1700 enterprises under the purview of BOI in the span of its 40 years in operation. In carrying out its primary function of investment promotion, the BOI aims at sector-based investor targeting, while specializing in aftercare, navigating and regulating investor operations to reach their true and highest potential throughout the lifespan of the enterprise. In addition, the BOI also becomes the forerunner of Sri Lanka's export industry contributing over 65% to the country's overall export earnings and 85% to the national industrial export earnings.

Speaking about recent developments and initiatives undertaken by the BOI, a spate of measures has been taken in collaboration with line agencies to further enhance the ease of doing business and facilitate investor touchpoints through various initiatives, which will be discussed in the latter part of the article. At the same time, the BOI ensures that the investor journey here is safeguarded through the BOI Act while investments are encouraged through a range of incentives such as duty exemptions, concessions, deferments, and allowances.

Meanwhile, the BOI has adopted a spate of facilitation steps to ensure greater ease of doing business, responsiveness, transparency, and security for investors, the BOI, has set up a dedicated center named 'Investor facilitation Center' to offer a one-stop-shop experience for investors while curtailing unnecessary bureaucratic red tape and strengthening interagency coordination.

Furthermore, a new strategic initiative has been launched through 'Partnership Finder', which can be accessed via <https://application.boi.lk/PF/partnershipfinder> to attract investments and facilitate business partnerships between existing investors in the country and new entrepreneurs & innovators with novel ideas. The BOI has also introduced a set of initiatives to reduce the time taken for approval processes and to resolve investor issues efficiently, thereby assisting investors to navigate the necessary administration processes in the shortest possible time.

Elucidating the investment opportunities in Sri Lanka, as the country is well positioned to be a transshipment and logistics hub for the region, and investments in this area, are strongly encouraged.

The country is keen on significant improvements in the infrastructure including increasing power generation from renewable sources, improving connectivity through the upgrading of road and rail networks, and further expansion and improvements to the country's ports that will all facilitate the development drive. In addition, this favorable environment creates many opportunities across many economic sectors that can offer excellent returns to foreign and local investors.

The country also welcomes investments related to new technologies and farming practices that can increase organic, healthy, and sustainable yields. Besides, investments into value-adding businesses that can increase the export potential of our agricultural produce and our traditional export crops such as tea, rubber, and coconut are strongly encouraged.

As Sri Lanka seeks to expand its industrial base, one of the most significant requirements will be increased power generation given the fact that Sri Lanka's Government is committed to reducing the use of fossil fuels and ensuring that clean, renewable sources of energy contribute to 70% of our national power requirements by 2030.

This commitment creates opportunities for large-scale power projects that can sustainably augment the country's power supply and set the platform for further industrialization and economic growth. The country, therefore, invites investments in wind and solar power projects with energy storage solutions that can support the stability of the national grid.

At the same time, Sri Lanka has abundant sources of many raw materials that are used in several high-tech industries. Thus, investments into manufacturing industries that will add value to these resources, are encouraged.

In par with Industry 4.0, which conceptualizes rapid technology change and revolutionizes the way companies manufacture, improve, and distribute products, Sri Lanka is advancing with cutting-edge technology and digital transformations. We have several companies that have made their mark internationally, and high-quality educational institutions produce many skilled workers in the Information Technology (IT) field each year. Ongoing national educational reforms will further enhance the quality and size of our IT workforce in the future. The Government is taking other proactive steps in addition to such talent development. This includes building new infrastructure including IT parks and enacting supportive policy mechanisms for tech companies headquartered in Sri Lanka.

On the other hand, Sri Lanka has long been favored as a destination for tourists from all over the world. Even though it was also severely impacted by the COVID-19 pandemic, Sri Lanka is rebounding and seeking to revitalize its vibrant tourism industry to take advantage of the likely post-pandemic travel boom.

Investments are therefore welcome into hotels, resorts, entertainment facilities, and experiential tourism projects that will attract high-spending tourists to the country. With its robust public healthcare system augmented by globally accredited private hospitals and world-class, highly qualified, and experienced medical professionals, Sri Lanka is also well-placed to benefit from the growing global medical tourism industry.

With its many attractions, sound infrastructure, high quality of life, and dynamic, educated, and intelligent youth, Sri Lanka can also be a viable destination for leading universities to set up campuses that attract students from around the region.

Moreover, potential investment opportunities are available in the recently unveiled Eravur, Batticaloa Zone situated in the East of the country, which is a 300-acre fabric manufacturing park declared as a Strategic Development Project with Import substitution potential for woven and knitted fabric.

In conclusion, it is noteworthy that Sri Lanka is optimistic about its future as turbulent conditions are returning to normalcy. We are thus rejuvenated to think of new alternatives to doing business, which will create new opportunities for investors from all over the world. We are thankful to the countries who extended their helping hand to Sri Lanka in times of crisis. We also look forward to continued support to further strengthen togetherness and bilateral relations.