



Invest

in Sri Lanka

#WhySriLanka

2020





Why Sri Lanka?

Sri Lanka's vibrant business environment is now home to over 1,200 foreign companies and continues to attract businesses across multiple sectors such as manufacturing (high value added/high tech), IT services, tourism, food processing, logistics, education and large-scale infrastructure etc.

US\$ 7 Bn +



Sri Lanka attracted an cumulative FDI of US\$ 7.04 Bn from 2015 to 2019

Sri Lanka is a founder member of the Multilateral Investment Guarantee Agency (MIGA)

4 Decades & counting

As Sri Lanka's Investment Promotion Agency, The BOI partners with its clients to ensure their set-up in Sri Lanka is as successful as possible and has been doing so for over 40 years

Sri Lanka has been chosen by:



4 of the top 10 global hotel chains



3 of the Asia-Pacific's 20 largest telecom operators



3 of the top 10 global construction companies



1 of the top 10 global software companies



7 of the Fortune 500 (2020)



World's no.1 tyre manufacturer



Talent & Education

Sri Lanka comprises of a highly versatile and skilled workforce which is cost competitive, highly productive and bilingual. The typical Sri Lankan worker is highly trainable and possesses precision skills which make them adept at executing complex manufacturing processes.



15 State Universities



19 Higher Education Institutes



Sri Lanka ranks 1st in South Asia's literacy rate



2nd for compulsory secondary education enrollment in the region



1,346 Tertiary & Vocational Education Commission (TVEC) training institutes



30,000 Graduates per year



Public secondary and higher education studies are free to all citizens



100,000 Trained Students by TVEC per year



2nd largest CIMA pool in the world



English is widely spoken in the country and is the main language used by the business community



Ease of Doing Business

Sri Lanka's competitive business environment enables investors to set up their business swiftly, with minimum delays, in a connected environment.



Sri Lanka is ranked 2nd in the region for starting a business - Doing Business 2020



2nd in the region for Quality of Infrastructure - Global Competitiveness Index 2019



Ranked 2nd in South Asia for Protecting Minority Investors - Doing Business 2020



1st in South Asia in Doing Business 2020 rankings for Health



Sri Lanka receives a 'B' grade from all major credit rating agencies



41 ILO Conventions ratified by Sri Lanka, which includes the eight core conventions



Sri Lanka has signed bilateral Investment Protection Agreements (IPA) with 28 countries



Competitiveness & Productivity

Leveraging from the perfect mix of skilled workforce at low labour cost makes Sri Lanka the most competitive destination for investment.



Sri Lanka is ranked 2nd in South Asia in the Global Competitiveness Index 2019



1st in South Asia for Human Capital - Skills (Global Competitiveness Index, 2019)



Ranked 2nd in South Asia for Global Innovation Index 2019



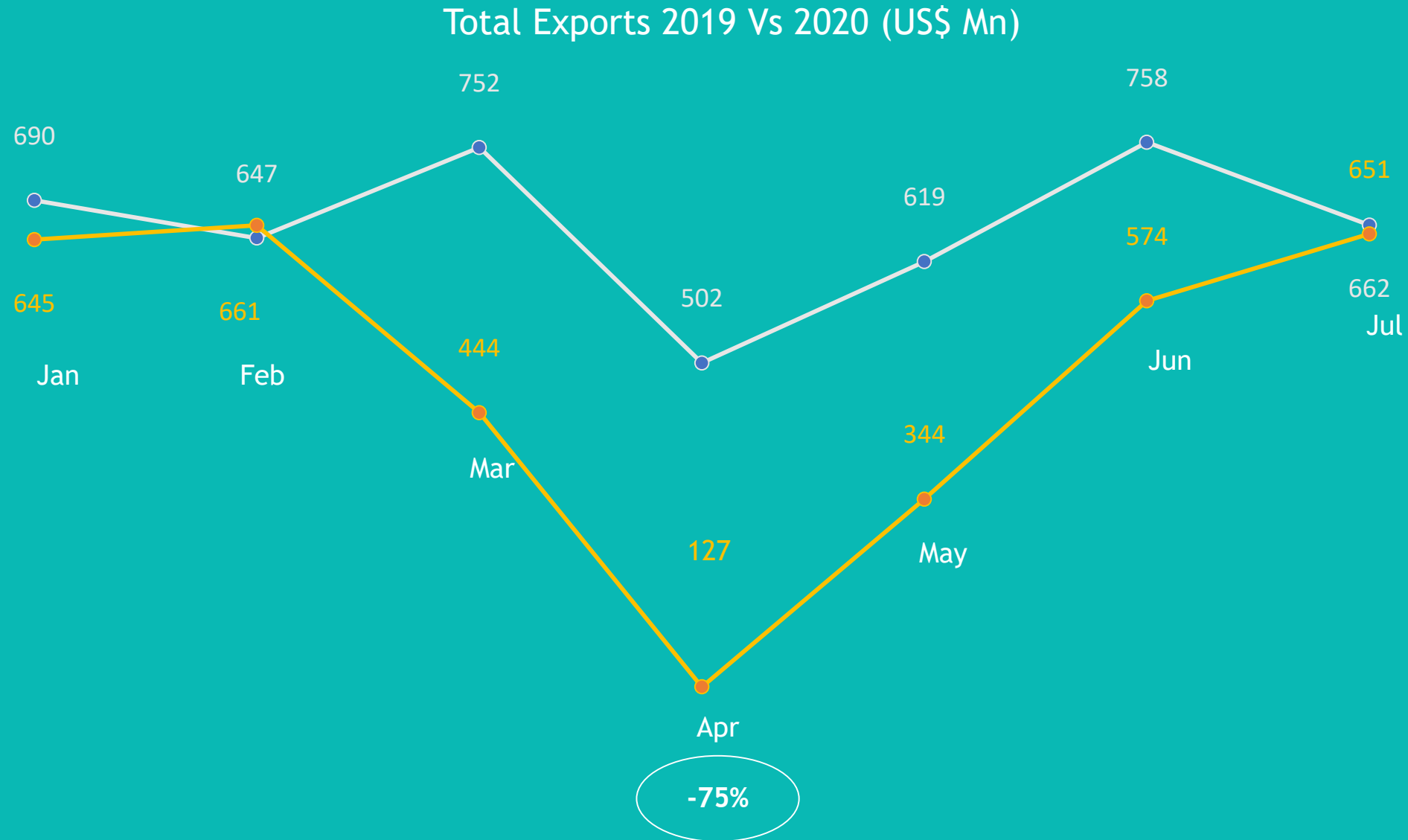
Sri Lanka has the lowest Power cost in South Asia - JETRO Survey 2019

Monthly Labour Cost (Manufacturing) Comparison

Country	2019 (USD)	2018 (USD)	YoY Increase Rate
Sri Lanka	130	139	(6.4%)
Bangladesh	104	109	(4.5%)
Myanmar	159	162	(1.8%)
Cambodia	196	201	(2.4%)
Philippines	236	220	7.2%
Vietnam	236	227	3.9%
India	278	265	4.9%
Indonesia	348	296	19%
Thailand	446	413	7.9%



State of Economic Recovery



— 2019
— 2020

€ Access to Europe

The Generalized Scheme of Preference Plus (GSP+) provides Sri Lanka an easy access to the European Market of over 500 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 6,000 items to 27 EU countries

Rs Access to 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 billion consumers from the island.

Country	Product Lines	Value Addition
	4,232	35%
	4,686	35%
	All Items	35%



Quality of Life

Sri Lanka is truly a great place to live and a great place to work. Social life is never a miss in this city, with abundant nightlife, world-class shopping, theatre, cafes, art and host of star class hotels that connect the island.



Sri Lanka is ranked the most peaceful country in South Asia



1st in South Asia for Human Development Index - 2019



1st in South Asia for Quality of Life Index - 2019



1st in South Asia for Health Care Index - 2019



Infrastructure

Successive Sri Lankan governments have prioritized infrastructure development to keep up with country's ambitious socio-economic goals.



2 International Seaports in Colombo & Hambantota



3 International Airports



Rapidly expanding road and expressway network



13 Export Processing Zones and Industrial Estates



Sea Transportation



33 major shipping lines calling at Colombo Port



Colombo Port among the Top 25 World Container Ports (2019)



75% of port volumes are transshipment



One of the countries with highest Liner Shipping Connectivity Index increases (2009-2019)



1st in South Asia to Cater to the latest 'Triple E Class' ships



East Container Terminal of Colombo Port under development to boost container throughput



Air Transportation



200 out of 603 flights departing to India weekly providing easy access to Indian market of 1.3 Bn



Over 300,000 MT capacity dedicated for cargo handling services



Annual passenger capacity to be expanded to 20 million passengers by 2025

Weekly Flight Schedule

Chennai	63	London	9
Male	48	Hong Kong	8
Dubai	46	Bahrain	7
Doha	41	Cochin	7
Delhi	35	Dhaka	7
Kuala Lumpur	34	Jakarta	7
Singapore	32	Melbourne	7
Bangkok	27	Riyadh	7
Mumbai	27	Trivandrum	7
Bangalore	21	Jeddah	6
Muscat	18	Hyderabad Intl	5
Moscow	15	Karachi	5
Abu Dhabi	14	Coimbatore	4
Kuwait	14	Dammam	4
Madurai	14	Lahore	4
Tiruchchirapalli	14	Narita	4
Sharjah	10	Yekaterinburg	4

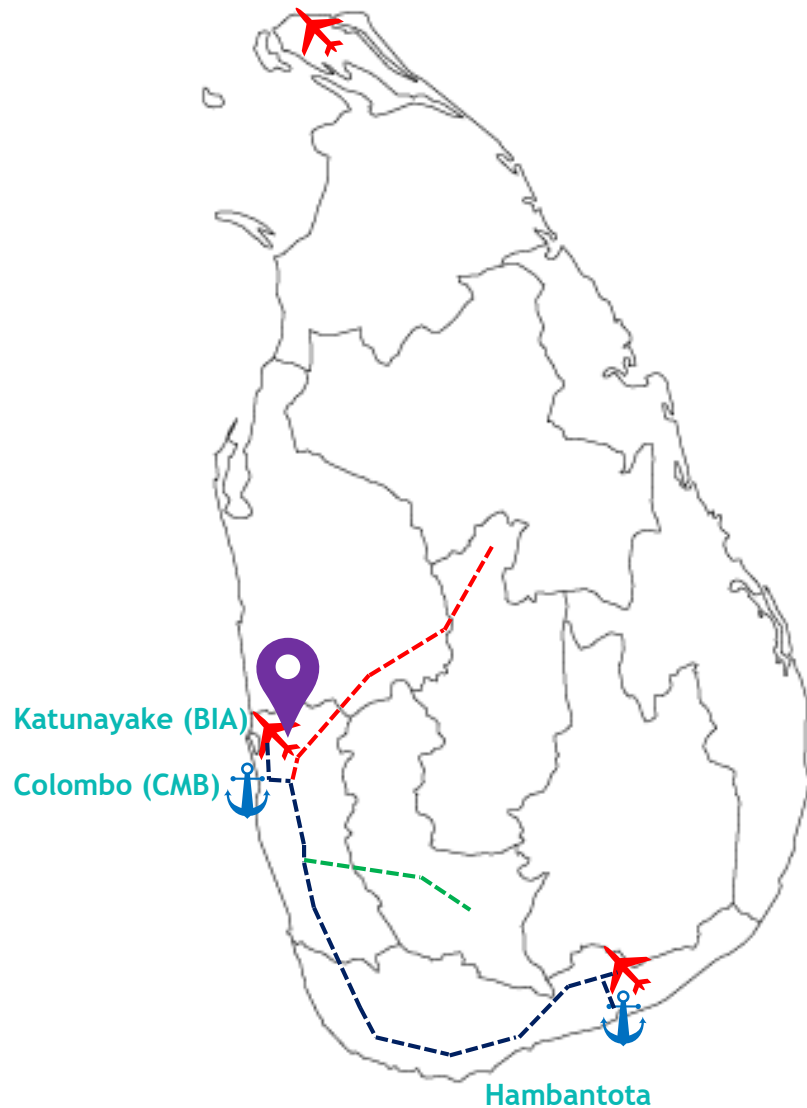
Export

Processing Zones





Katunayake Export Processing Zone



- - - Completed
- - - Ongoing
- - - Proposed
- 📍 EPZ
- ⚓ Sea Port
- ✈️ Air Port



Katunayake EPZ

Established in 1978



3 Kms to
Katunayake Airport



80 Enterprises
located in KEPZ



33 Kms to Colombo
Port



36,708 Employed in
the KEPZ



232 Kms to
Hambantota Port

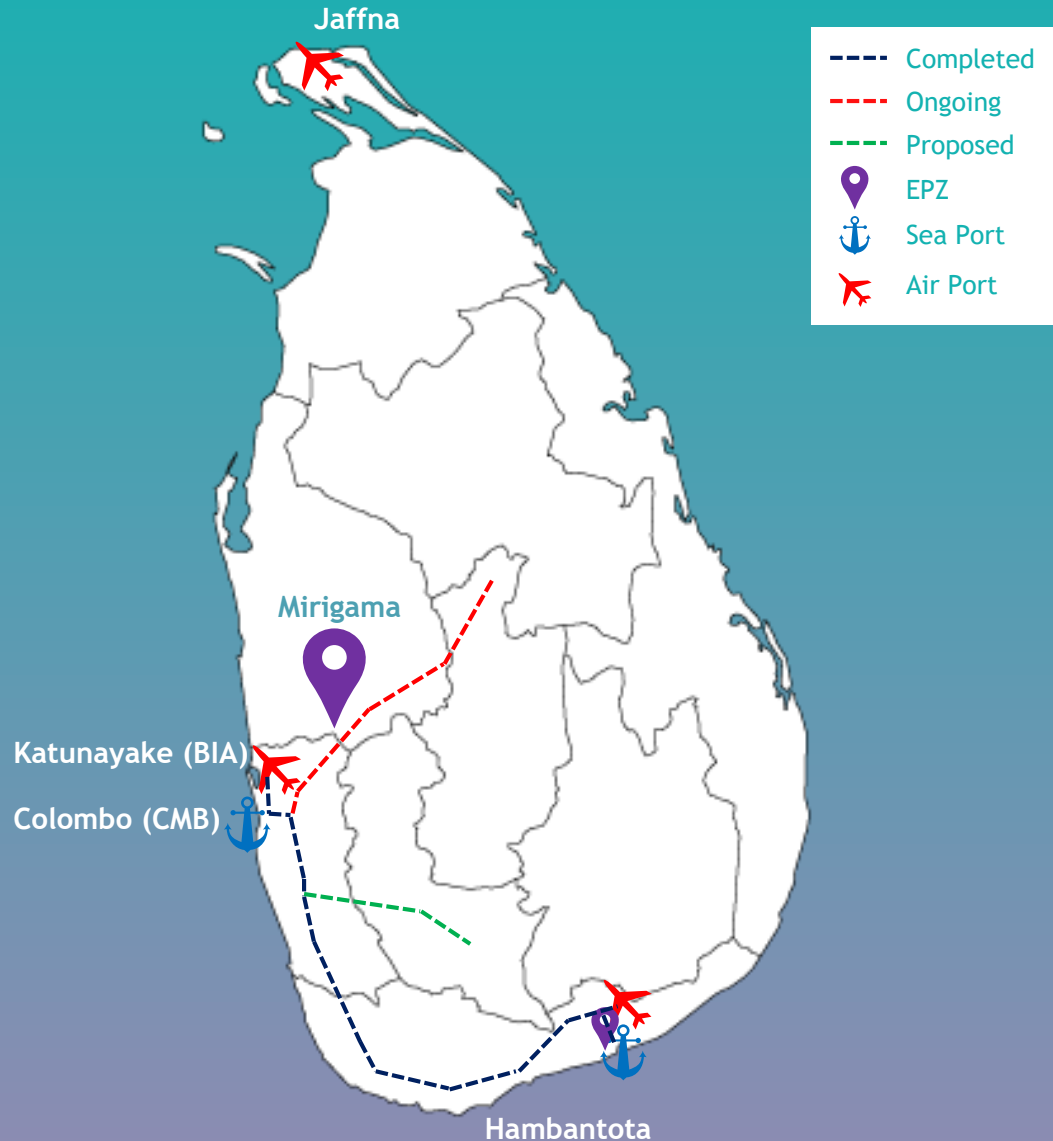


Land Extent - 521.8
Acres

NAME OF EXPORT PROCESSING ZONE	VACANT LANDS		PROPOSED INVESTMENT (PER ACRE) MN.US\$	HIGHEST QUOTED RATES RECEIVED THROUGH COMPETITIVE BIDDING PROCESS	
	LOT NO.	EXTENT OF LAND (ACRES)		LEASE PREMIUM (PER ACRE) US\$	GROUND RENTAL (PER ACRE) US\$
Katunayake	124B	1.09	5.0	100,000.00	10,000.00
	18A	2.58			
	1C	3.57			
	Phase IV	6.25			



Mirigama Export Processing Zone



Mirigama EPZ

Established in 1998



37 Kms to
Katunayake Airport



60 Kms to Colombo
Port



284 Kms to
Hambantota Port



9 Enterprises located
in Mirigama EPZ



2,400 Employed in
the Mirigama EPZ

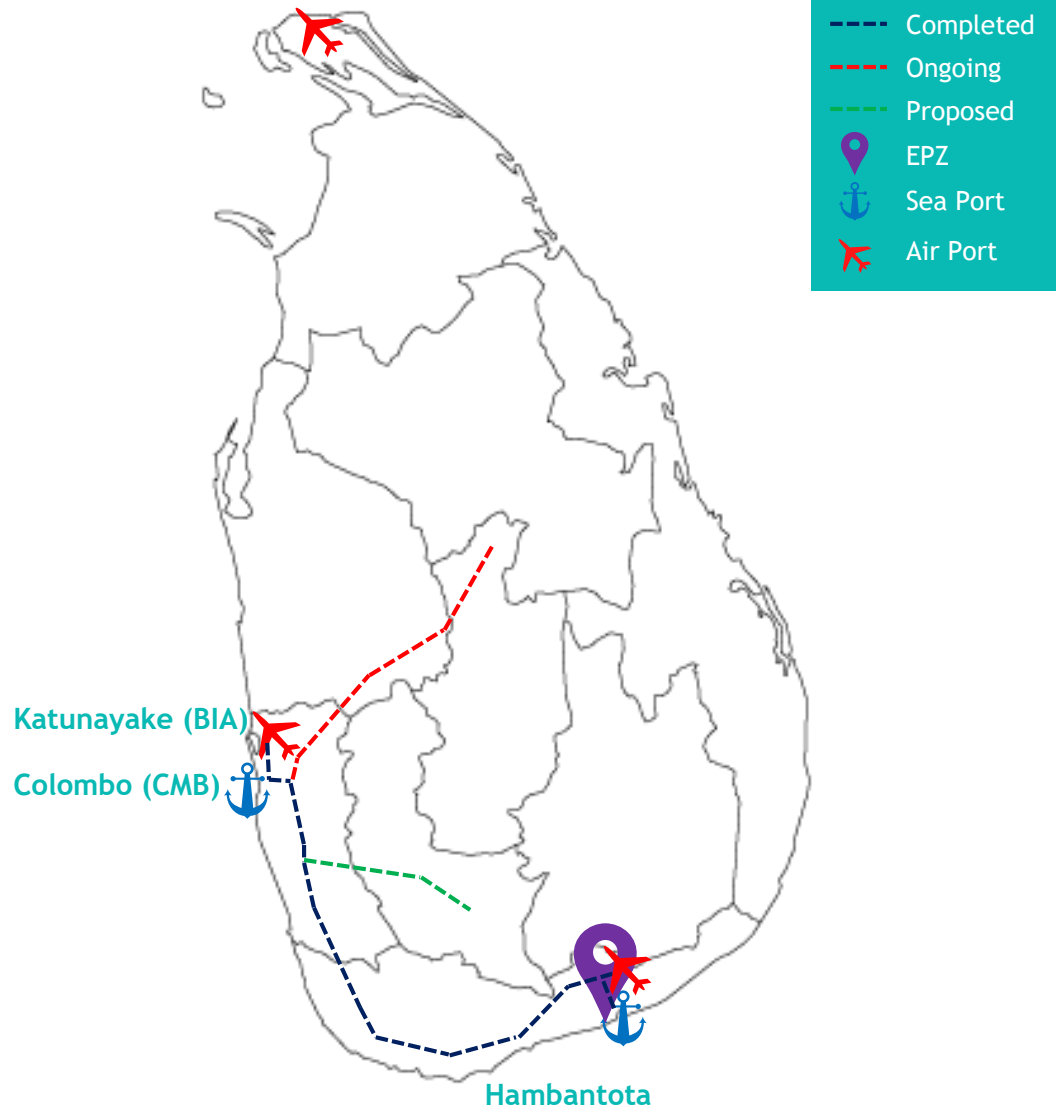


Land Extent - 260.51
Acres

NAME OF EXPORT PROCESSING ZONE	VACANT LANDS		PROPOSED INVESTMENT (PER ACRE) MN.US\$	HIGHEST QUOTED RATES RECEIVED THROUGH COMPETITIVE BIDDING PROCESS	
	LOT NO.	EXTENT OF LAND (ACRES)		LEASE PREMIUM (PER ACRE) US\$	GROUND RENTAL (PER ACRE) US\$
Mirigama (Block A)	29A	2.13	3.0	35,000.00	4,900.00
	38	1.50			
	43	2.50			
	44	0.70 (Approx.)			
Block B		70.00			



Hambantota Pharmaceutical Zone



Hambantota Pharmaceutical Zone



33 Kms to Mattala Airport



263 Kms to Colombo Port



3 Kms to Hambantota Port

Location

- Province : Southern
- District : Hambantota
- Land Extent : Phase I - 200 Acres
Phase II - 200 Acres

Economic Benefits

- Creating a US\$ 1 Bn export revenue vertical by 2025
- Supporting the Government's goal of meeting 40%+ of domestic demand for pharmaceutical products through local production by 2025.
- Offsetting Foreign Exchange outflow through import substitution
- Export Diversification
- Direct & Indirect Employment generation including high paying specialized jobs currently unavailable in Sri Lanka
- Skills upgrading, technology transfer

Zone Facilities



- Export/Import Approvals
- Visa Recommendation



Engineering approvals for building plans, site clearance



Environment monitoring, advisory & laboratory services



Day care centers, Sport and recreation facilities , leisure parks



Centralized water and sewerage treatment facilities



Advisory service & guidance on industrial relations



Sri Lanka Customs services



- Free healthcare facilities
- Ambulance service
- Meditation & Counseling Centers



24 x 7 fire service & overall security coverage



Internal transport facilities, bus terminals



- Commercial Banks
- Insurance
- Postal services



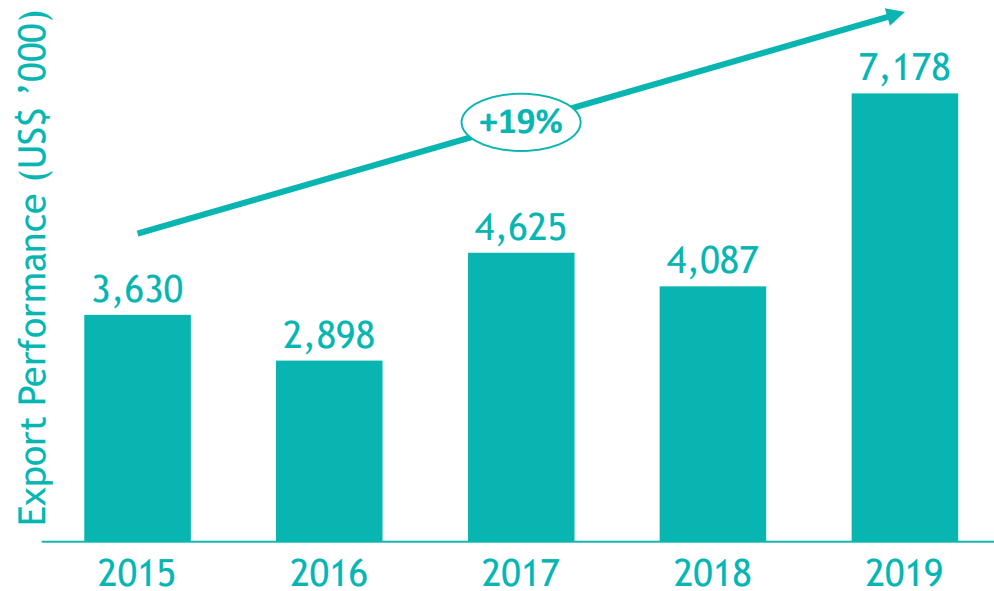
- Freight Forwarding & Container Yard
- Industrial Waste Handling & Disposal Facility

Focus

Sectors



Pharmaceuticals



Sector Highlights

- Growing Industry - 85% import dependent
- Current annual domestic market of USD 664 Mn is expected to reach USD 750 Mn by 2022
- Local manufacturers (approx. 20 plants (including State Pharmaceutical Manufacturing Corp.) supply USD 100 Mn annually (15% of total value).
- Of 250+ essential medicines, 88 (35%) are manufactured locally.

Key Markets



Sri Lankan Manufacturers



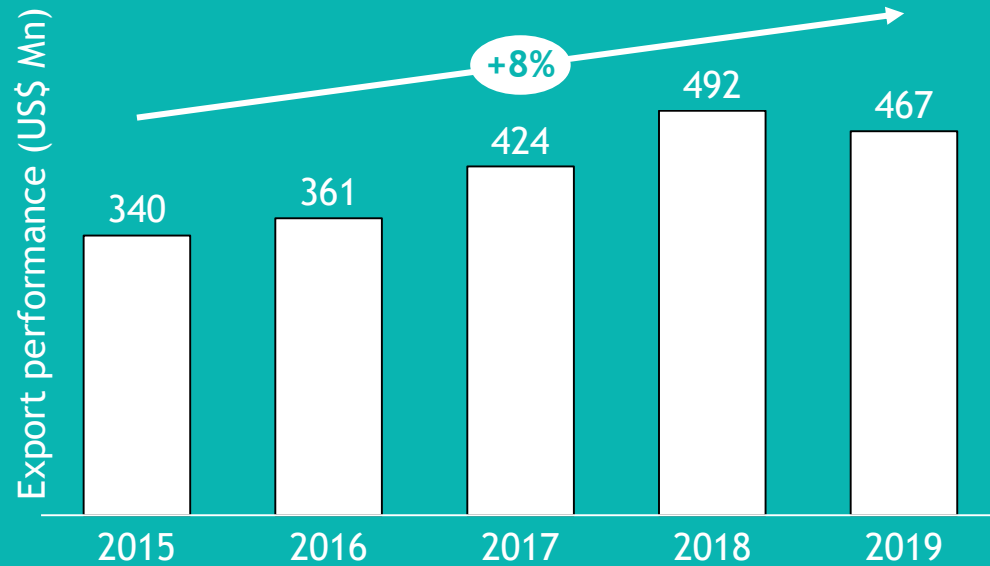
Opportunities

Dedicated pharmaceutical manufacturing zone with state of the art infrastructure to manufacture:

- Antibiotics
- Drugs related to cardiovascular disease and other common NCDs
- Specialized molecules such as insulin, monoclonal antibodies
- Vaccines
- Medical devices

- to cater to international and domestic markets

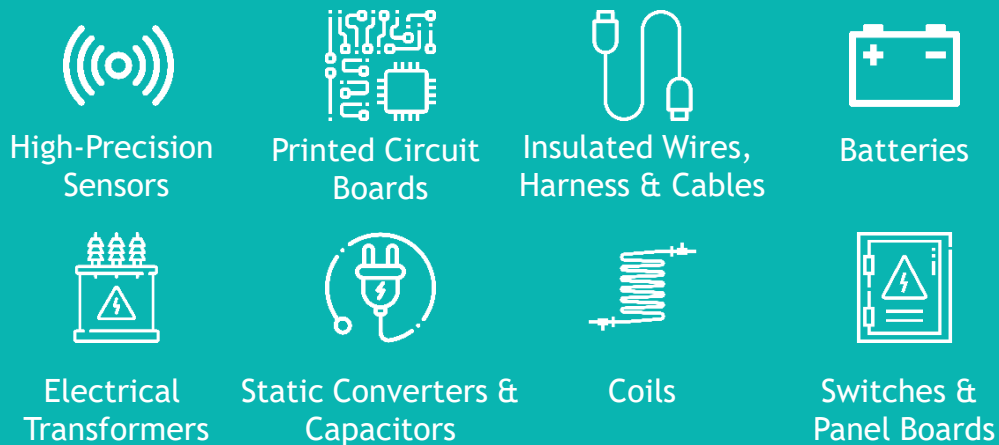
Electronics/Electrical Sector



Supplying to the world's best brands



Products Manufactured

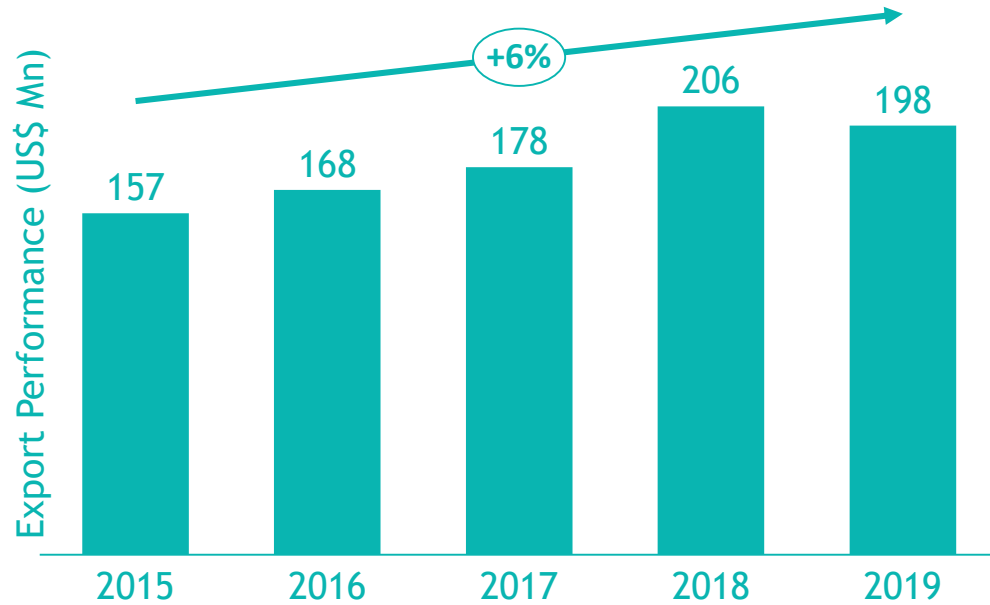


Key Players





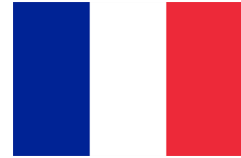
Auto Components



Products Manufactured

- Gaskets
- Washes
- Seals
- LED Accumulator
- Sensors
- Batteries
- Radiators
- Bumpers & body panels
- Wire harness
- Leaf springs
- Coil springs
- Cables
- Oil filters
- Silencers
- Traction control inverters
- Liquid cooled battery packs

Key Markets



Automobile Assemblers in Sri Lanka



VEGA



Electric super car with handmade carbon fiber body powered by a dual motor all-wheel-drive drivetrain.

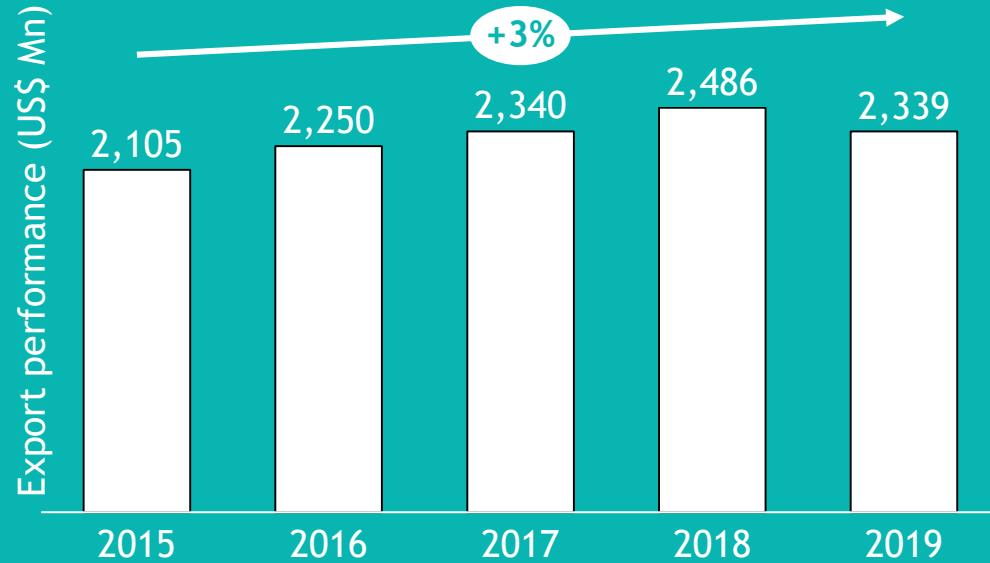
All electronics, including liquid cooled motor controllers and Li-ion battery pack is designed & manufactured in Sri Lanka, showcasing some of the most advanced technologies in the EV super car space.

- POWER: 804hp TORQUE: 760Nm

- ACCELERATION: 0-100km/h -3.1 sec, RANGE: 300km



Logistics Sector



Strengths

- Access to all major sub continental ports with plenty of feeder connectivity throughout the week
- Global connectivity through South Asia’s only deep water terminal frequented by all major shipping lines.
- 8Mn TEUs handling facility per year - capacity for 20Mn TEUs
- Quick turnaround time with arrival Clearing Facility
- Online connectivity to all parts of the world via Wi-Fi, Broadband, LAN & WAN, Fibre Optic Networking Systems
- Absolute cost savings of 30%-60% in comparison to Dubai and Singapore Free Zones

Key Players



Opportunities

- Warehousing, Inventory Management
- Logistic Value Addition
- Freight forwarding for overseas clients
- Transshipment Activities
- Multi-country consolidation
- Global Distribution
- Pick & Pack Operation

Fiscal

Incentives & Tax Structure





Tax

The introduction of the new Inland Revenue Act in April 2018, has simplified existing tax rules making it open, stable and transparent.

Corporate Income Tax (%)



Sri Lanka's concessionary tax rate for manufacturing sector is 14%



Exempted

- Agro Farming
- Information Technology
- Export of Services



Strict Intellectual Property Regime guaranteeing the safety and security of R&D



100% deduction on the amount spent on research and development from the taxable income



Effective zero tax rate for dividends paid



Sri Lanka has signed bilateral Double Tax Avoidance Agreements with 45 countries including Japan

\$ Investment Incentives - Manufacturing Sector

Minimum Investment	Minimum export requirement	Exemptions on importation of Raw materials	Exemptions on importation of Capital Goods
USD 500,000	80%	<ul style="list-style-type: none"> - Customs Duty (CID) - Port & Airport Development Levy (PAL) - Excise Duty (EXD) - EDB Import (EIC) 	Customs Duty (CID)
<ul style="list-style-type: none"> • Investment of over USD 50 million are exempted from the Port & Airport Development Levy (PAL) on importation of project related capital goods by BOI enterprises during the project implementation period/construction period but prior to the commencement of commercial operations. • Companies located in Export processing Zone are exempted from VAT on importation of raw material & project related capital goods. • Export oriented manufacturing Companies located outside the Export processing Zones are eligible for deferred VAT payment facility on importation of raw materials and project related capital goods. 			

Expenses incurred on Depreciable Assets (US\$ Mn.)	Enhanced Capital Allowance (ECA)		Period for Deducting Unrelieved Losses (Years)	Tax exemptions on dividends & employment income
	Northern Province	Other than Northern Province		
> 3 and > = 100	200%	100%	10	x
>100 and > = 1,000	200%	150%	10	x
>1,000	200%	150%	25	✓

\$ Investment Incentives - Logistics Sector

Logistics Services

Minimum Investment - US\$ 3 Mn (30% in Fixed Assets within 12 months)

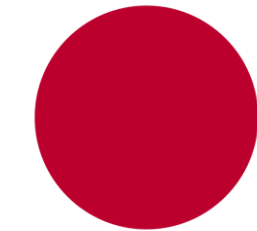
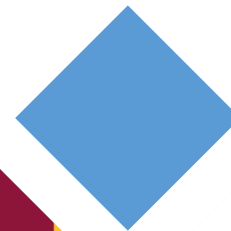
Annual Re-export /export turnover - US\$ 15 Mn (Within 5 years)

Exemptions from the application of Provisions of the following Acts

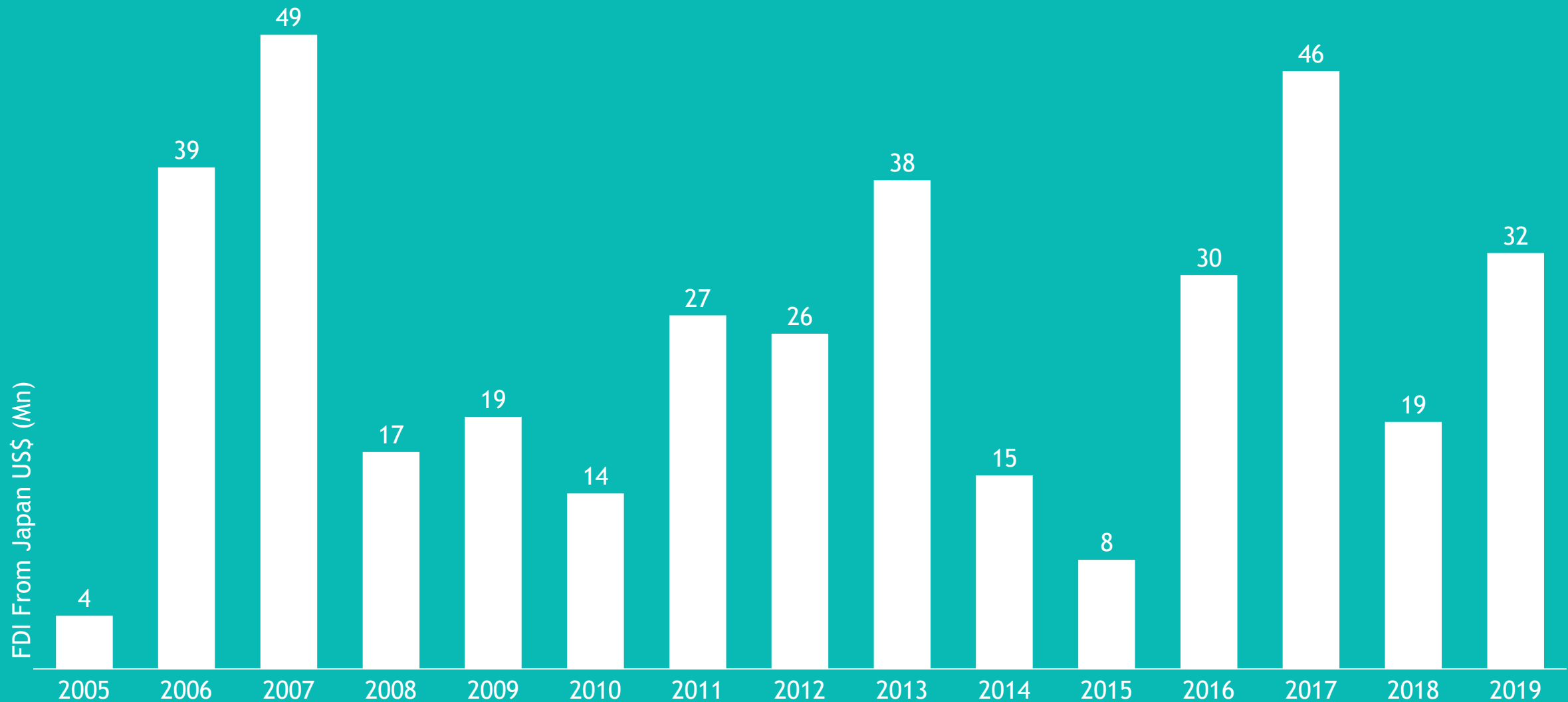
- Customs Ordinance (Chapter 235)
- Foreign Exchange Act No. 12 of 2017
- Imports & Exports (Control) Act, No. 1 of 1969,
- Acts referred to in schedule of Part IV of Finance Act No. 12 of 2012 as amended by Finance Act No. 12 of 2013;
 - VAT Act No. 14/2002
 - NBT Act No. 09/2009 (Abolished w.e.f. 01 December 2019)
 - Export Development Act No. 40/1979
 - Special Commodity Levy Act No. 48/2007
 - PAL Act 18/2011
 - Excise SP Act. No 13/1989
- Supply of any goods to an enterprise engage in the following eligible activates shall be treated as export and VAT and NBT will be zero rated.
 - 0% CIT if qualified for export of services
 - (rendered in or outside Sri Lanka to any person to be utilized outside Sri Lanka and the payment is received in foreign currency and remitted through a bank to Sri Lanka)

Japan

Sri Lanka



\$ FDI from Japan into Sri Lanka





Japanese Foot Print in Sri Lanka



70
Companies in
full operation



10
Companies
awaiting
operation



US\$
400 Mn
Realised
Investment



10,000+
Employment
Generated

Key Players

Noritake


COLOMBO DOCKYARD PLC
...an Odyssey of Excellence

Lh Lanka
Harness
Lanka Harness Co., (Pvt) Ltd

metatechno
L A N K A

YKK



TOS LANKA



OKAYA



KOHOKU

Thank You!

Research relevant
to your investment



Arrange site visits



Detail explanation and
clarification of policies



Analyze locations



Connect to relevant
stakeholders



Facilitation to obtain
clearances



Issue resolution



Arranging meetings with
Joint Venture Partners

