



# 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 and facilitate businesses from sectors such as manufacturing (high value added/high tech), IT-enabled services, tourism, food processing, logistics, education and large scale infrastructure.

**6.43 Bn**



Sri Lanka attracted an cumulative FDI of 6.43 Bn from 2014 to 2018.

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 Sri Lanka partners with its clients to ensure their set-up in Sri Lanka is as successful as possible and has been doing so for 42 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 1<sup>st</sup> in South Asia's literacy rate



2<sup>nd</sup> for compulsory secondary education enrollment in the region



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



100,000 Trained Students by TVEC per year



30,000 Graduates per year



2<sup>nd</sup> largest CIMA pool in the world



Public secondary and higher education studies are free to all citizens



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 2<sup>nd</sup> in the region for starting a business - Doing Business 2020



2<sup>nd</sup> in the region for Quality of Infrastructure - Global Competitiveness Index 2019



Ranked 2<sup>nd</sup> in South Asia for Protecting Minority Investors - Doing Business 2020



1<sup>st</sup> 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 2<sup>nd</sup> in South Asia in the Global Competitiveness Index 2019



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



Ranked 2<sup>nd</sup> 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%

## € 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 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.

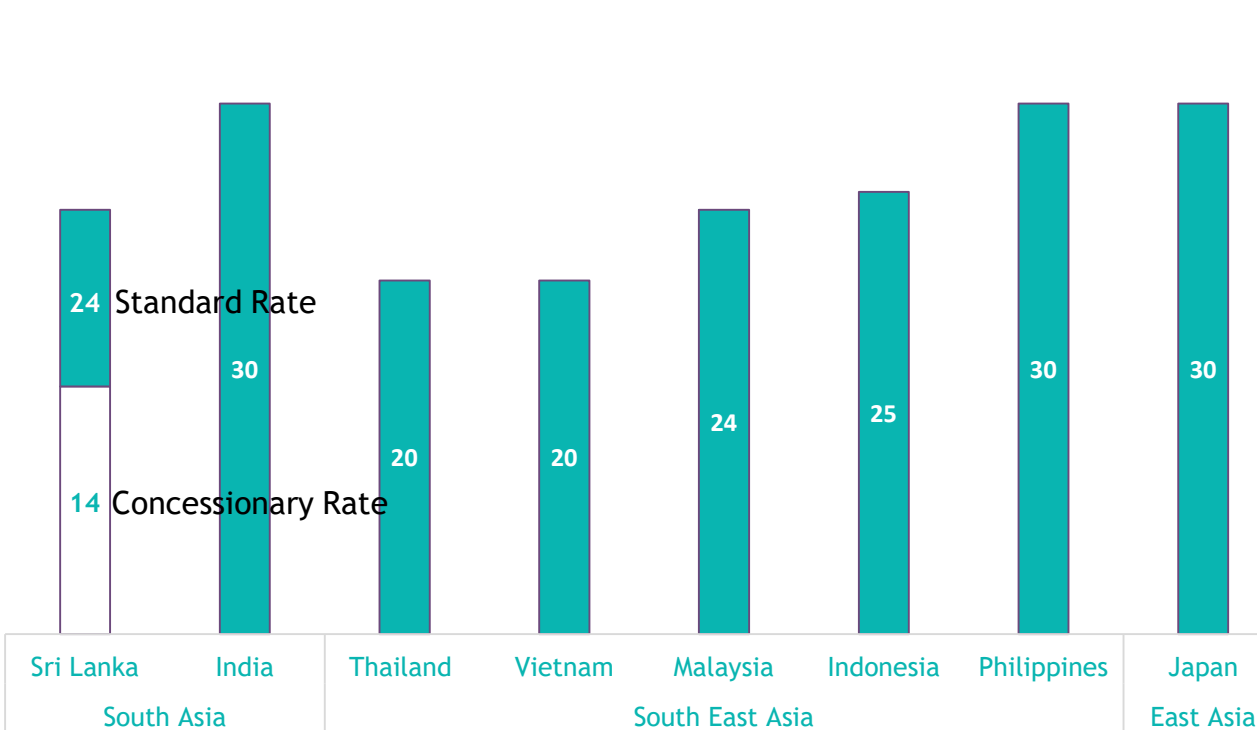
Country	Product Lines	Value Addition
	4,232	35%
	4,686	35%
	All Items	35%



# 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 (%)



14%

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



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



Effective zero tax rate for dividends paid

**TAX**  
0% Exempted

- Agro Farming
- Information Technology
- Export of Services



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



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



## 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



1<sup>st</sup> in South Asia for Human Development Index - 2019



1<sup>st</sup> in South Asia for Quality of Life Index - 2019



1<sup>st</sup> 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)



1<sup>st</sup> 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



# Sector Spotlight



## Electrical & Electronics

- US \$ 435 million export revenue in 2019
- Employs more than 35,000 people
- Production capability to maintain 1 Part Per Million Defect rate/quality standard



## IT & BPM

- 4th largest export earner of the country
- US \$1.2 billion export revenue in 2019
- Employs more than 125,000 people
- 2025 Targets:
  - US\$ 5 billion export revenue
  - 200,000 jobs
  - 1,000 start-ups



## Tourism & Leisure

- Sri Lanka ranked by Lonely Planet as top country to travel in 2019
- 1.9 million international tourist arrivals in 2019
- Contribution to GDP - 4.3%
- Employs more than 400,000 people



## Logistics

- Located on a key East-West trade route
- 75% of total container throughput volume is from transshipment
- Colombo port handled record-breaking 7mn TEUs in 2018



# Investment Opportunities



## Pharmaceuticals

- Opportunities in a dedicated 400 Acre Zone purpose built and designed by international experts (1Q21)
- The Pharmaceutical Sector in Sri Lanka is projected to grow at CAGR of 8 - 10%



## Food Processing

- Opportunities in cultivation, inland fisheries, advanced processing & storage to be driven by technology transfer
- Export growth: 60% during 2015 - 2019
- US \$3 Bn export revenue in 2019
- Highest employment generating sector (17.5% of the workforce)



## Auto Components

- Opportunities in a dedicated Zone with supporting infrastructure to generate US \$ 1 Bn revenue
- Sri Lanka holds 20% of the Global Market Share for Solid Tyres
- Dedicated Rubber Master Plan targeting increased sector output (2x) with areas under cultivation to be increased by 30%



## Apparel

- Opportunities in dedicated 300 Acre Fabric Park (1Q21)
- Renowned 'ethical apparel' sourcing destination
- US \$5.7 Bn export revenue in 2019
- Skilled workforce with a reputation for precision manufacturing

# Thank You!

