

Investment Opportunities

Agro Processing & Beverage

- ▶ Processed fish & meat products
- ▶ Processed fruits & vegetables
- ▶ Edible products (Sugar, edible oil)

High Tech Industries

- ▶ Automobiles & Components (Engines, bearings, gaskets, gear boxes)
- ▶ Electrical & Electronic (Semiconductors, Solar and Led Technologies)
- ▶ Aerospace & Components
- ▶ Medical Devices (Electro-medical instrument, cardiovascular devices, implantable devices, orthopedic devices, In-vitro diagnostic products, Wound care instrument, Surgical, dental, optical devices)
- ▶ Engineering Supporting Industries (Moulds & dies, Machining, metal stamping, casting, heat treatment and plating)

Machinery & Equipment

- ▶ Industrial & agricultural machines & appliances
- ▶ Power generating machines & appliances
- ▶ Air conditioners
- ▶ Home appliances (Refrigerators, washing machines)

Pharmaceutical

- ▶ Capsules, tablets, injections & dressings

Apparel

- ▶ High-end apparels for niche markets

Rubber based Products

- ▶ Tyres, tubes, hoses, seals, conveyor belts, surgical gloves, hotwater bottles, sheath contraceptives & gaskets

Major Manufacturing Sector Companies Operating in Sri Lanka

Apparel Sector



Rubber Sector



Agro Processing & Beverage



Electrical & Electronic Sector



Prepared by Research & Policy Advocacy Department,
BOI, October, 2015.

Auto Mobiles & Components



Ceramics & Glass Sector



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THE BOARD OF INVESTMENT OF SRI LANKA
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Sri Lanka: Emerging Centre for Manufacturing in Asia

Investment Opportunities in a World-class Manufacturing Environment



Board of Investment of Sri Lanka
October 2015

Overview

With a significant contribution of 34% to the GDP and 26% to the total employment, the industrial sector in Sri Lanka has become the prime force of value creation in the economic development of the country. Out of the four sub-sectors of the industrial sector; Mining & Quarrying, Manufacturing, Electricity, Gas & Water and Construction, the manufacturing sub-sector accounted for over 52% of the output of the industrial sector, 18% of the country's GDP and 18% to the total employment in 2014. As such the manufacturing sub-sector has become the biggest contributor to the industrial growth of the country.

Its contribution of 74% to national export earnings (USD 8,262 mn.) in 2014, has made the manufacturing sub-sector more significant in the country's economy. The major contributors of the sub-sector in this context are apparel, rubber, petroleum products, diamond & jewellery, food & beverage and machinery & equipment. The major export destinations for manufacturing sub-sector of Sri Lanka in the year 2014 were USA, UK, India, Italy, Germany, Belgium, UAE and Russia.

The imports relating to manufacturing sub-sector accounted for nearly 16% of the national imports, of which textile & clothing were USD 2,328 mn. (12%) and machinery & equipment were USD 707 mn. (4%) in 2014.

The sector is expected to mobilise more local raw material and have a large value creation particularly for a growing economy. Accordingly, Sri Lanka promotes resource based Industries which utilize local raw materials & increase more value addition (Rubber, Ceramics & Mineral products, Processed Food & Value Added Tea etc.) as well as technology intensive industries which adopt & apply advanced technologies (Apparel, Machinery & equipment, Automobile components, Electrical & Electronic products, Chemicals, Pharmaceuticals & Construction Materials).

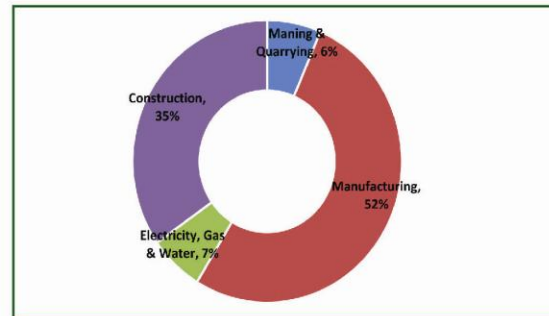
Rankings

- ▶ 73rd position out of 144 economies in World Competitiveness Index in 2014 - 2015
- ▶ 1st in South Asia in Doing Business Index 2015
- ▶ 62nd place among the 127 countries in Change Readiness Index in 2015 (First in South Asia) by KPMG

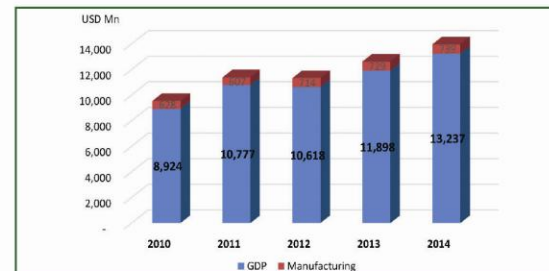
Our Strengths

- ▶ Relatively disciplined and skilled labour and trainable workforce with wide experience
- ▶ Reputed international customer base and supplying of quality products for the mass market
- ▶ Preferential access to different markets under FTAs, PTAs and other Trade Agreements
- ▶ Internationally reputed companies in apparel, tea, rubber, ceramics, electronic & electrical sectors
- ▶ Well-developed logistic sector and infrastructure (Roads, electricity, water, ports) and easy access to seaports & airports
- ▶ Reliable and quality supply of power with electrification coverage of 93% - Only South Asian country providing uninterrupted power supply 24 hours a day according to the World Economic Forum Global Competitiveness Report.
- ▶ On time delivery of all season products
- ▶ Private sector participation to leading business sectors.
- ▶ Compliance with International labour regulation
- ▶ Excellent assistance from Chambers and Trade Associations.

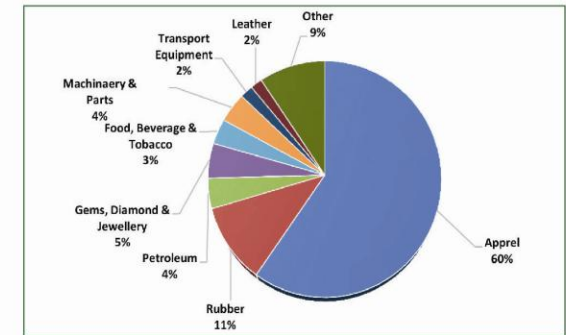
Manufacturing Sector Contribution to Industrial Sector 2014



Manufacturing Sector Contribution to GDP (2010-2014)



Exports of Manufacturing Products - 2014



Benefits to Investors

- ▶ Preferential Market Access

Bilateral Free Trade Agreements (Indo-Lanka FTA and Pakistan - Sri Lanka FTA), South Asian Free Trade Area (SAFTA), Asia Pacific Trade Agreement (APTA), General Systems of Preference (GSP) provide significant Commercial benefits and access to these markets for Sri Lanka's exporters on preferential basis. In the negotiation process for a FTA with China.

Duty Free Access under FTAs

- ▶ Indo - Lanka FTA : over 4,200 tariff lines
- ▶ Pakistan - Sri Lanka FTA : Over 4,600 tariff lines

Potential Sector for Investing in Sri Lanka targeting Indian and Pakistan Markets

- ▶ Food Processing
- ▶ Auto Components
- ▶ Machinery & Appliances
- ▶ Electronic & Electrical Products
- ▶ Medical Devices
- ▶ Rubber Products
- ▶ Iron & Steel Products
- ▶ Sport Goods
- ▶ Ceramic Products

- ▶ All duties exempted on imported raw materials for export oriented industries
- ▶ Customs duty exempted on capital goods during the project implementation period