

Why Sri Lanka?

G) Incentives for Investments



- Granting of Tax Holidays from 4 -12 years depending on the value of the Investment
- Min. Investment LKR 25 ml/ \$ 0.25 ml
- Corporate tax for Export Oriented Activities (90% export)/ Tourism/ Construction, Industry/ Petroleum Exploration
- Duty Free Imports : Capital Goods and Raw materials for Export Oriented Activities, Capital Goods only (for all other categories)
- Exemption from Exchange Control: For Companies that export goods (Minimum 90% of total output) and for companies receiving earnings in Foreign Currency for export services

Why Sri Lanka?

H) Quality of Life

- ❑ Colombo city: A cosmopolitan living environment
- ❑ Abundant nightlife, world-class shopping, theatre, cafes, art & star class hotels
- ❑ Comfortable housing: Luxury condominium apartments ideal for expatriates
- ❑ Internationally recognized institutions of healthcare & excellent medical facilities
- ❑ Educational institutions of international standards
- ❑ World-class recreational sites
- ❑ Equable climate throughout the year
- ❑ Unparalleled natural beauty

Why Sri Lanka?

I) Access to Key Markets

- ❑ Only country in the world that has Free Trade Agreements with both India and Pakistan
- ❑ Market access on a duty free basis to a total market size of 1.5 Billion people - middle class of 500 Mn people (size of entire European Union)
- ❑ Indo-Sri Lanka FTA (2000) : 100% duty free access to India for 4,232 products. Trade growth by 5+ times.
- ❑ Pakistan-Sri Lanka FTA (2005) : 100% duty free access to Pakistan for 4,686 products. Trade growth by 3 times.
[Note: 1) To qualify under the above FTAs products need to be wholly produced or have a domestic value addition of 35% value addition FOB level, 2) The HScode transformation needs to be at the 4 digit level for the ISLFTA and 6 digit level PSLFTA. Details provided the BOI website]
- ❑ By locating in Sri Lanka, a company can gain preferential trade access to two large regional blocs under the South Asian Free Trade Area(SAFTA) and Asia Pacific Trade Agreement (APTA)
- ❑ Non -Reciprocal market access to EU and the USA, Japan, Canada, Russia etc, under GSP
- ❑ FTA with China under negotiations

Indo- Sri Lanka Free Trade Agreement (ISFTA)
Country: India -Sri Lanka

Pakistan - Sri Lanka Free Trade Agreement (PSFTA)



Preferential market access for products of Sri Lanka origin



- GSP**
- ✓ Australia
 - ✓ Canada
 - ✓ EU (27 countries)
 - ✓ Japan
 - ✓ New Zealand
 - ✓ Norway,
 - ✓ Russian Federation
 - ✓ Turkey
 - ✓ Switzerland
 - ✓ USA

- South Asia Free Trade Agreement (SAFTA)**
- ✓ Afghanistan
 - ✓ Bangladesh
 - ✓ Bhutan
 - ✓ India
 - ✓ Maldives
 - ✓ Nepal
 - ✓ Pakistan
 - ✓ Sri Lanka

- Asia Pacific Trade Agreement (APTA)**
- ✓ Bangladesh
 - ✓ China
 - ✓ India
 - ✓ Laos
 - ✓ South Korea
 - ✓ Sri Lanka

Why Sri Lanka?

J) Rapidly Developing Infrastructure

The Sri Lankan government has launched an ambitious program of physical infrastructure development to completely upgrade the sea, air, road, power and telecom backbone of the country. Main features of this program:

1) Sea Port and Airport Development: Colombo South Port Expansion

- The Sri Lankan government has declared its intention to develop the country as a leading regional aviation, navigation and trading hub in South Asia
- Development of maritime & aviation transportation is infrastructure development agenda.
- Focus: To expand the capacity and improve the efficiency of existing ports through modernization and construction of new ports and airports in strategic locations.

- World Port ranking: No. 1 in South Asia
- Total container throughput 4 Mn. TEUs
- Transshipment cargo 70%
- 33 major shipping lines
- 14 feeder services
- Capacity to be increased - 12 million TEUs
- 12 new berths
- Will be the deepest port in the region
- New port being constructed in South Eastern Sri Lanka



Colombo South port development
(under construction)

Why Sri Lanka?

J) Rapidly Developing Infrastructure (contd...)

2) Hambantota Port Development

- Phase I of the project, the Mahinda Rajapaksa Magampura Port, was inaugurated in November 2010.
- The port is expected initially to function as a service and industrial port and later be developed to handle transshipment cargo.
- Phase II of the port is underway at an estimated cost of US\$ 800 Mn. The port is ideally located to serve the main East-West shipping lane connecting Europe and the Middle-east with South East Asia.
- The bunkering facilities at the Port of Hambantota, set up at a cost of US\$ 76.5 million, and the tank farm has commenced commercial operations.
- Out of the 14 tanks it has, eight tanks will be used to store marine fuel, three will store aviation fuel and three remaining tanks will be used to store liquid petroleum.
- The aviation fuel stored in the Hambantota Port is to be used for the Mattala Airport, the second international airport currently being built in Hambantota.

3) Expansion of Bandaranaike International Airport

- A project is under way to expand the island's first international airport at Katunayake, 35 km north of Colombo.
- The project includes the expansion of the transit area, construction of new baggage-reclaim area, multi storied car park and widening of the existing runway.
- A feasibility study is being carried out for a second runway.



Why Sri Lanka?

J) Rapidly Developing Infrastructure (contd...)

4) Development of High Mobility Road Network

- ❑ Road development in the country, which was left behind last few decades due to the war, has been given prominence by the government.
- ❑ The national Road Master Plan has already been prepared, which focuses on the construction of highways, widening of highways, reduction of traffic congestion, road maintenance & rehabilitation and bridge rehabilitation & reconstruction.
- ❑ It has become an urgent necessity for further investment in road network, thus the development of road network has become a major determinant factor in attracting new investments to the country.

a) Colombo - Katunayake Expressway - CKE (25km)

- ❑ The Colombo – Katunayake Expressway connects the Colombo City and the International Airport at Katunayake. It consists of four Interchanges at New Kelani Bridge, Peliyagoda, Ja-Ela and Katunayake. The Contract value of the project is US\$ 292 Mn. Construction was completed and opened for the public on 27th of October 2013 by his Excellency the president Hon. Mahinda Rajapakse.
- ❑ The CKE will reduce the travel time between Peliyagoda and Katunayake to 20 minutes from the earlier time of 1.5 hours using Peliyagoda-Puttalam road (A003).
- ❑ The quick travel between the Bandaranaike International Airport and the capital of the country with enhanced safety will surely help to boost the country's economy in addition to providing pleasant travel to the road users.

Why Sri Lanka?

J) Rapidly Developing Infrastructure (contd...)

b) Southern Highway (126km)

- The longest expressway being built in Sri Lanka. The construction of a four-lane highway from Colombo to Matara will be a catalyst for the economic and social development of the Southern region and promotion of an inter-regional transport network. The highway was opened for public on 27th November 2011.
- The section of Southern Expressway from Pinnaduwa (Galle) to Godagama (Matara) has been opened to public on 15th March 2014.
- This section also consists of 4-lane capacity similar to the earlier section from Kottawa to Pinnaduwa. The maximum operating speed for this section is also 100 kmph.
- Now the Southern Expressway from Kottawa to Godagama (Matara) is in operation. It is expected to extend the Southern Expressway from Matara to Hambantota with the intention of linking Mattala Airport and Hambantota Harbour to the Commercial Capital, Colombo in future.

c) Outer Circular Highway - OCH (29.2km)

- The Outer Circular Highway (OCH) is located in the Colombo Metropolitan Region and passes through two administrative districts, namely Colombo and Gampaha.
- This highway runs around 20 km away from the City centre of Colombo, connecting radial routes and has a total length of 29.2 km.
- The northern end of the highway is located at Kerawalapitiya on Colombo-Katunayake Expressway and the southern end is located at Kottawa on Colombo-Ratnapura-Wellawaya-Batticaloa (A004) road where Southern Expressway meets OCH.
- Outer Circular highway from Kottawa to Kerawalapitiya will link seven trunk roads and the Colombo – Katunayake and the Southern Expressways.
- **The expressway is implemented in three phases as given below;**
- **Phase 1:** Section from Kottawa to Kaduwela (11km) - Commenced in December 2009. **(Phase 1 completed and opened for public in March 2014)**
- **Phase 2:** Section from Kaduwela to Kadawatha (8.9km) - Commenced in 2012.
- **Phase 3:** Section from Kadawatha to Kerawalapitiya (9.2km)