



Investing in Sri Lanka:

A Comprehensive Report



INTRODUCTION

Sri Lanka, often referred to as the "Pearl of the Indian Ocean," is a fast-emerging investment destination with a strategic location, abundant natural resources, and a dynamic, diversified economy. Positioned at the crossroads of major global shipping lanes, Sri Lanka serves as a gateway to South Asia and beyond. With its highly skilled workforce, investor-friendly government policies, and a commitment to sustainable development, Sri Lanka provides a fertile ground for investments across various sectors such as tourism, manufacturing, renewable energy, infrastructure, and agriculture. The country's focus on modernization and global connectivity makes it an attractive destination for both regional and international investors.

BACKGROUND

Sri Lanka is an island nation located in South Asia, south of India. With a population of approximately 22 million (2023 estimate), the country boasts a rich cultural heritage, stunning natural landscapes, and a strategic geographic position along the maritime Silk Road.

Following decades of stability and economic reform, Sri Lanka has emerged as a vibrant economy, transitioning from an agricultural base to a diversified economy driven by services, manufacturing, and tourism. The government has prioritized infrastructure development, trade liberalization, and foreign direct investment (FDI) to boost economic growth. Its well-developed ports, free trade agreements, and proximity to rapidly growing markets in South Asia and Southeast Asia make Sri Lanka a vital hub for global trade and investment.

KEY STATISTICS

- Population: ~22 million (2023).
- GDP: \$81 billion (2023 estimate).
- GDP Growth: 3.3% in 2022, with positive growth projected for 2023.
- Unemployment Rate: 4.4% (2023).
- Corporate Tax Rate: 24%, with reduced rates for certain sectors.
- Ease of Doing Business: Ranked among the top countries in South Asia for business-friendly reforms.
- FDI Inflows: \$1.2 billion in 2022, with strong growth in infrastructure, tourism, and manufacturing.

BENEFITS OF INVESTING IN SRI LANKA

Sri Lanka offers numerous advantages that make it a highly attractive destination for foreign investors:

Strategic Location

Positioned at the center of the Indian Ocean, Sri Lanka is an ideal hub for trade and logistics, providing access to over 2 billion consumers in South Asia, Southeast Asia, the Middle East, and Africa.

World-Class Infrastructure

The country is home to modern ports, international airports, and a growing network of highways and railways, ensuring efficient connectivity for businesses.

Highly Skilled Workforce

Sri Lanka boasts a well-educated, English-speaking workforce with expertise in ICT, manufacturing, and engineering, making it an ideal location for knowledge-based industries.

Investor-Friendly Policies

The government offers streamlined business registration processes, tax incentives, and investment protection agreements to create a favorable environment for investors.

Free Trade Agreements (FTAs)

Sri Lanka has FTAs with India, Pakistan, and other countries, providing preferential market access to a combined population of over 1.5 billion.

Rapid Growth in Key Sectors

Industries such as tourism, apparel manufacturing, IT services, and agriculture are experiencing significant growth, offering lucrative opportunities for investors.

Focus on Sustainability

With a strong commitment to renewable energy and eco-friendly practices, Sri Lanka promotes sustainable investments in green energy, organic agriculture, and eco-tourism.

Political and Economic Stability

Sri Lanka has a stable political environment, supported by pro-investment policies and strong legal frameworks to protect foreign investments.

High Quality of Life

With its tropical climate, natural beauty, and rich cultural heritage, Sri Lanka offers an excellent living environment for expatriates and business leaders.

RELEVANT AGENCIES

Sri Lanka has established several key agencies and institutions to facilitate foreign investment and support business growth:

Board of Investment of Sri Lanka (BOI)

The BOI is the primary government agency responsible for promoting and facilitating foreign direct investment (FDI). It offers guidance on investment opportunities, incentives, and regulatory requirements.

Website: <https://www.investsrilanka.com>

Sri Lanka Export Development Board (EDB)

EDB supports businesses in export-oriented industries, providing market insights, training, and financial assistance.

Website: <https://www.srilankabusiness.com>

Ministry of Finance

The ministry oversees fiscal policies and provides guidance on tax regulations and financial incentives for investors.

Website: <http://www.treasury.gov.lk>

Sri Lanka Ports Authority (SLPA)

SLPA manages Sri Lanka's major ports, supporting logistics, shipping, and trade-related investments.

Website: <https://www.slpa.lk>

Ministry of Tourism

This ministry promotes investment in tourism, eco-tourism, and hospitality, with a focus on sustainable development.

Website: <https://www.slttda.gov.lk>

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ITC Website: www.tradecouncil.org

Supply Chain News: www.supplychainreport.org

Business Confidence Survey: www.businessconfidence.org

ADAMftd Global Trade Data: www.adamftd.com

info@tradecouncil.org ✉

The International Trade Council

TheInternationalTradeCouncil

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An international, peak-body, chamber of commerce

Central Bank of Sri Lanka

The Central Bank regulates the financial sector and supports investments in banking, fintech, and financial services.

Website: <https://www.cbsl.gov.lk>

INCENTIVES FOR INVESTORS

Sri Lanka provides a variety of incentives to attract foreign investors and promote economic growth:

Tax Incentives

Reduced corporate tax rates for sectors such as manufacturing, ICT, and tourism.

Tax holidays of up to 10 years for investments in priority sectors or Special Economic Zones (SEZs).

Free Trade Zones (FTZs)

FTZs offer duty-free imports, tax exemptions, and simplified administrative processes for businesses operating in these zones.

Investment Protection

Comprehensive bilateral investment treaties (BITs) ensure the protection of foreign investments, including the ability to repatriate profits.

Grants and Subsidies

Government grants and subsidies are available for job creation, employee training, and technology transfer projects.

Access to Financing

Businesses can access low-interest loans and financial assistance through government programs and international development agencies.

Support for Export-Oriented Businesses

Incentives for export-oriented businesses, including VAT exemptions and financial support for market expansion.

Public-Private Partnerships (PPPs)

The government encourages PPPs for large-scale infrastructure, energy, and urban development projects.

Fast-Track Business Registration

The Board of Investment provides a streamlined process for business registration and licensing, reducing setup times for foreign investors.

OPPORTUNITIES FOR INVESTORS

Sri Lanka's diversified economy provides lucrative opportunities for investors across multiple sectors:

Tourism and Hospitality

With its natural beauty, UNESCO heritage sites, and growing eco-tourism market, Sri Lanka offers opportunities in luxury resorts, adventure tourism, and cultural tourism.

Agriculture and Agribusiness

Sri Lanka's fertile land and tropical climate provide opportunities in organic farming, tea and spice production, and agro-processing for export.

Renewable Energy

Significant opportunities exist in solar, wind, and hydropower projects as Sri Lanka transitions to clean and sustainable energy sources.

Information Technology and Business Process Outsourcing (BPO)

Sri Lanka's skilled workforce and competitive costs make it an ideal destination for IT services, software development, and outsourcing.

Apparel and Textiles

Sri Lanka is a global leader in high-quality apparel manufacturing, offering opportunities in sustainable and ethical fashion production.

Infrastructure Development

Investments in roads, ports, airports, and urban development are highly encouraged to support the country's modernization goals.

Healthcare and Pharmaceuticals

Investments in private hospitals, medical equipment, and pharmaceutical manufacturing are in high demand to meet growing domestic and regional needs.

Real Estate and Urban Development

Opportunities exist in commercial real estate, residential projects, and smart city initiatives in Colombo and other urban centers.

CONCLUSION

Sri Lanka is a land of immense potential, offering a unique combination of strategic location, skilled workforce, and abundant resources. With its pro-business policies, world-class infrastructure, and commitment to sustainability, Sri Lanka is an ideal destination for foreign direct investment. From tourism and manufacturing to renewable energy and IT services, Sri Lanka provides a diverse range of opportunities for investors seeking long-term growth and profitability.

By investing in Sri Lanka, you not only gain access to one of South Asia's most dynamic markets but also contribute to the country's economic transformation and sustainable development. The "Pearl of the Indian Ocean" is ready to welcome investors who are eager to be part of its exciting growth journey.

REFERENCES

- Board of Investment of Sri Lanka (BOI): <https://www.investsri.lk>
- Sri Lanka Export Development Board (EDB): <https://www.srilankabusiness.com>
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- Ministry of Tourism: <https://www.sltda.gov.lk>
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