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Why Invest in Sri Lanka?

From an investor's point of view, the case for Sri Lanka is getting strong. In the rear view mirror, yet still lurking and causing hesitation for some, are the Sri Lankan Civil War that ended in 2009 and the market bubbles that followed the war's end through 2011. While there are risks to investing anywhere, Sri Lanka has one of the best cases for an economy with the stars aligned in its favor.

STRATEGIC LOCATION

Sri Lanka is situated strategically at the crossroads of major shipping routes to South Asia, the Far East and the continents of Europe and America, making the country a convenient port of call for shipping lines and airfreight services. Further, Sri Lanka's proximity to the Indian sub-continent positions the country as a gateway to a market of 1.3 billion people. These factors have combined to generate keen interest in the country's logistics sector, as well as from manufacturers looking for opportunities in the South Asian region.

STRONG FACILITATION

Sri Lanka's strategic location provides great opportunities to enter into free trade and partnership agreements with several of Asia's trade powerhouses. Thus, the country has entered into Free Trade Agreements with India, Pakistan and Singapore giving duty free market access from the island to over 1.5 billion consumers.

The Project Screening Committee (PSC):

This committee which consists of cross functional representation of the BOI immediately screens all investment applications jointly across all relevant departments to grant approval in an expeditious manner.

Single Window Investment Approval Committee (SWIAC):

Any projects which needs further clearance on operational issues will be referred to this higher level committee which is chaired by a Senior Advisor to the Hon. Prime Minister.

Investment Approval Facilitation Committee (IAFC):

Matters requiring policy level intervention are referred to this committee chaired by the Secretary to the Treasury, for speedy resolution.



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Single Window Investment Facilitation Task Force (SWIFT):

Being the investment facilitator, BOI has taken an initiative to improve service delivery by introducing SWIFT which will act as a facilitation arm of investment approvals process and will provide necessary linkages to the relevant line agencies in order to expedite the project approval process through a function based virtual platform. SWIFT will improve investor awareness regarding the compliances and will guide the investor throughout the approval process.

Once the project is preliminarily approved by the Single Window Investment Approval Committee (SWIAC) and BOI, application will be referred to SWIFT to commence the facilitation process with regard to the line agency approvals. Any issue in respect of the project will be referred to the Investment Approval Facilitation Committee (IAFC) for a solution.

Under this initiative, it has improved the information transparency of regulatory processes and process simplification of the line agencies. Twenty-four of the most important line agencies are linked under one platform with this mechanism and have agreed to follow a phased approach as a strategy to achieve the outcome.

ACCESS TO KEY MARKETS

The BOI has in place several initiatives to reduce the time taken for approval processes and to resolve investor issues in efficiently, thereby assisting investors to navigate the necessary administrative processes in the shortest possible time. These consist of several high level committees which meet at regular intervals to accommodate investor needs, with the sole purpose of expediting projects.

The Indo-Lanka Free Trade Agreement (ISLFTA)

The Pakistan-Sri Lanka Free Trade Agreement (PSLFTA)

The Free Trade Agreement (FTA) between Sri Lanka and Singapore

The Indo-Lanka Free Trade Agreement (ISLFTA), which came into effect in year 2000, provides strategic access at zero duty for over 4,200 products of Sri Lankan origin to the large Indian market.

The Pakistan-Sri Lanka Free Trade Agreement (PSLFTA), which came into effect in year 2005, covers nearly 4,500 products (duty free from 2008) from Sri Lanka, to the Pakistan market.

The Free Trade Agreement (FTA) between Sri Lanka and Singapore signed in January 2018 gives access to investments and services beyond trade in goods. Sri Lanka also enjoys preferential access to the European Union, following the reinstatement of GSP+, which covers 6,200 out of a total of 7,200 tariff lines available. These three markets alone combine to present an opportunity to reach approximately 2 billion people, when establishing your enterprise in Sri Lanka.



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An added advantage for a company locating to Sri Lanka is the preferential trade access gained to two large regional blocs under the South Asian Free Trade Area (SAFTA) and the Asia-Pacific Trade Agreement (APTA).

EDUCATED AND ADAPTABLE WORKFORCE

Sri Lanka offers a rapidly growing skilled workforce which is cost competitive, highly productive and English speaking. The country has a workforce of 8.3 million as at 2016, showing a growth of 1.2% from the previous year. Many of the workforce are qualified professionals having extensive experience in, and being highly qualified in, numerous fields such as information technology, manufacturing, finance and accounting, fashion and design, and law. The typical Sri Lankan worker is highly trainable and possesses precision skills which make them adept at executing complex manufacturing processes. The fact that Sri Lankans are friendly, creative, and adapt rapidly to diverse cultures and work environments resulting in easy integration to different and varying cultures of business enterprises that originate in foreign countries, is an added advantage.

At 93%, Sri Lanka's adult literacy rate is considered high and on par with developed countries, while being well ahead of South Asia. Schooling is compulsory for children over the age of 5, and the country's state funded education system is offered free of charge at all levels including University. Against this background, Sri Lanka produces over 100,000 graduates annually. The government gives high priority to improving both the national education system and access to education, including vocational training.

STABLE ECONOMIC GROWTH

Sri Lanka has an economy worth USD 87.2 billion and a per capita GDP of USD 4,065 as recorded in 2017. Sri Lanka has mostly had robust economic growth rates in recent years, particularly post the end of the civil war in 2009. Major factors that contribute to this stable economic growth include;

The new era that has resulted in improved governance and increased private sector confidence;

Improvements in infrastructure, especially telecommunications and road network; and

Investments through public-private partnerships.

The overall forecast for performance of the country's economy is encouraging in the coming years, with Foreign Direct Investments (FDI) being encouraged to further develop and grow the economy.



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QUALITY OF LIFE

Sri Lanka often referred to as the ‘pearl of the Indian ocean’, is claimed by both locals and expats alike as a truly great place to live and work. A country of many facets, Sri Lanka offers a spectrum of experiences, cultures and places for those who enjoy diversity and variety. The country’s expansive beaches, rolling hills, rainforests and cosmopolitan cities make Sri Lanka an eclectic experience for all.

For those who choose to make Colombo (Sri Lanka’s commercial capital) their home, a cosmopolitan living environment awaits. There is no shortage of social life in this city, with its many restaurants and cafes, an abundant nightlife, theatre and art experiences, a host of star-class hotels, as well other amenities. There is also an extensive choice of quality education to be obtained in the city which boasts several reputed international schools and many tertiary education options.

Sri Lanka also offers private hospitalization and healthcare with state-of-the-art facilities. A free pre-hospital care ambulance service is also available covering Western and Southern Provinces of the country. In addition, Sri Lanka is also well placed in terms of international travel with reputed international airlines operating flights to and from the country daily.

FAST DEVELOPING INFRASTRUCTURE

Sri Lanka has experienced significant improvements to available infrastructure which has been recognized as a national priority by successive governments. These include an ambitious program to develop and completely upgrade seaports around the island, the international airport, roads in the city of Colombo and highways connecting to other parts of the country, and power and telecommunication facilities.

Road & Rail

Sri Lanka’s transport system is based on a road network of approximately 100,000 km and a rail network of about 2,000 km linking Colombo with the rest of the country. Notable recent developments have been the Southern Expressway connecting Colombo and Matara in the Deep South and the Airport/Katunayake Expressway. The Outer Circular Highway in the Western Province, and the Central Expressway which links Colombo and the Hill Capital of Kandy as well as the Southern Expressway Extension are nearing completion.

Ports

Sri Lanka is located at the intersection of major international shipping routes within the world’s busiest maritime transportation lanes. Due to this location advantage, Sri Lankan ports have continuously contributed to the development of the country. The Colombo Port is considered the busiest port in South Asia and according the Alpha liner Rankings 2017 is rated as the 23rd ‘Best Port in the World’. Able to cater to the latest ‘Triple E Class’ ships, 33 major shipping lines use the Colombo Port while 75% of port volumes are transshipment.



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Airports

The Bandaranaike International Airport is the main international airport in Sri Lanka, located 30 km North of Colombo, with connectivity to major routes and 100 cities around the world. The Mattala Rajapaksha International Airport is the second international airport, located in the Southern Province of the country.

Telecom

Sri Lanka's telecom sector has been ahead of its regional peers for a significant period. At the end of 2017, cellular mobile subscriptions in Sri Lanka was 28.2 million, while fixed access telephone subscriptions stood at 2.5 million. Sri Lanka's mobile market has experienced robust growth over the last five years with mobile penetration rising from 96% in 2012 to 126% in 2017 across the country. Mobile broadband penetration has also recorded a rapid growth over the past five years with market penetration increasing from 8% in 2012 to 21% in 2017. The availability of e-commerce applications including mobile banking, e-bus ticketing, and mobile Points of Sale (POS) continues to increase.