



# AUTO COMPONENT Sector



The Board of Investment of Sri Lanka

## Overview

Rapidly expanding with an accelerated growth in Sri Lanka, the auto component manufacturing industry at present has around 50 companies engaged in the manufacturing of high quality auto components focusing on both export market and local market.

Sri Lankan inventors and entrepreneurs have over decades been engaged in designing, developing, and producing components for the automotive industry. The growing list of components that are manufactured by outsourced entities is increasing in diversity based on the fundamental changes in the automotive industry including, Electrical Vehicles and Autonomous driving among many others. Sri Lanka is also home to one of the world's best impact sensor switches for seat belts and airbags manufacturers that work with the world's most renowned brands.

## Key Facts

Around 50 Companies

Over 18,000 Workforce

US\$ 200 Mn. Exports

7% Annual Average Export Growth

## Auto Components manufacturing in Sri Lanka

Batteries

Radiators

Cables

Sensors

Airbags

Seat Belts

Clutches

Seats

HVAC Systems

Exhausts

Oil Filters

Air Filters

Truck Trailers

Truck Bodies

Bowers

Wire Harness

Bumpers

Center Consoles

Head Lights

Tractor Trailers

Precision Moulds

Steering Racks including Conversion Kits

Body Interior Panels

Rubber Components (carpets, beading, mud flaps, washers, bushes, gaskets, leaf spring, centre bolts, coil spring & bearings)

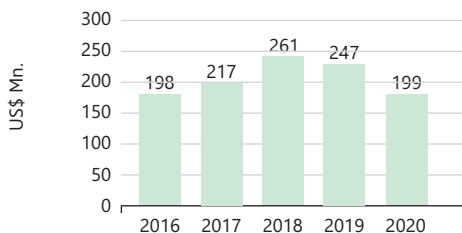
Dash Board Systems

Suspension Components



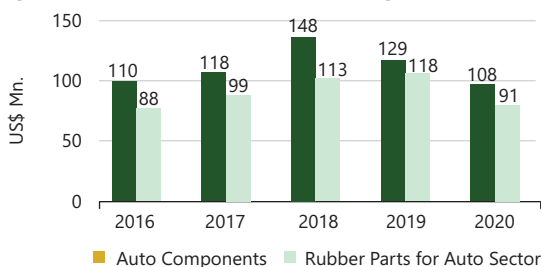
# Sri Lanka's Auto Components Exports

## Auto Components Export (2016-2020)



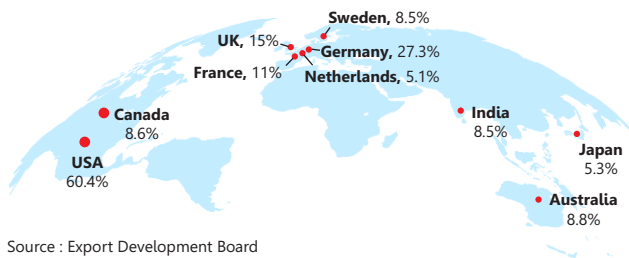
Source : Export Development Board

## Exports of Rubber Parts & Auto Components (2016-2020)



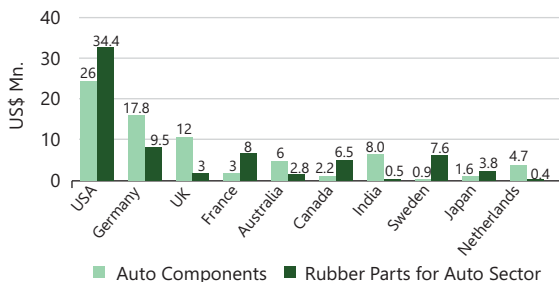
Source : Export Development Board

## Top 10 Export Destinations for Auto Components (2020)



Source : Export Development Board

## Top 10 Export Destinations for Rubber Parts & Auto Components (2020)



Source : Export Development Board



## Global Recognition

- Manufacturing sensors for the world-renowned automobile brands such as Toyota, Honda, Aston Martin, Volvo, Opel and BMW.
- Sri Lankan Auto Component Manufacturing has entered the Global Supply Chain by the technical collaboration between Ideal Auto Seating and MSKH India, a joint venture of Magna Worldwide which is one of the largest automotive component manufacturers in the world.

## Strength

### Skilled Labour

- 1,500 Engineering graduates from state universities per annum.
- University of Vocational Technology (UNIVOTEC) records an output of over 800 graduates per annum in the field of Technology.
- Vocational Training institutions generate over 10,000 skilled workers per annum.

### Availability of Raw Materials

Rubber : The total rubber production in Sri Lanka accounted for approximately 82,600 MT per annum, of which 53,000 MT is consumed by export-oriented companies.

### Market Access

- 100% duty free market access for all auto component items except rubber parts to enter into Indian market under Indo-Sri Lanka Free Trade Agreement (ISLFTA).
- 100% duty free market access for 60% of the total auto component items to enter into Pakistani market under Pakistan - Sri Lanka Free Trade Agreement (PSLFTA).
- 100% duty free market access for all auto components to EU market under EU GSP<sup>+</sup> scheme.

## Benefits to Investors

### Enhanced Capital Allowance

Enhanced capital allowances are granted to a person (an individual or entity) in addition to the normal depreciation allowance, as given in the below table. This facility is available for persons who make new investments in Sri Lanka.

Total Investment Made (US\$ Mn)	Enhanced Capital Allowance		Period for Deducting unrelieved Losses (Years)
	Northern Province	Other than Northern Province	
> 3 and ≥ 100	200%	100%	10
>100 and ≥ 1,000		150%	10
>1,000		150%	25

## Temporary Enhanced Capital Allowance

Following temporary ECAs are given for investments below USD 3 Mn.

Total Investment Made (US\$ Mn)	Enhanced Capital Allowance		Applicability
	Northern Province	Other than Northern Province	
> 3	200%	100%	Until April 2024

## Exemption from Import Taxes & Levies

### Export oriented

Exemption	Customs Duty	VAT	PAL	CESS
Importation of construction related items during project implementation (PI) period	Exempted	Exempted/deferred	Exempted During PI	Exempted During PI
Importation of Capital items (plant, machinery, equipment)	Exempted For lifetime	Exempted/deferred For lifetime	(For Inv > US\$ 50 Mn)	(For Inv > US\$ 50 Mn)
Importation of raw materials and production/process related consumables	Exempted For lifetime	Exempted/deferred For lifetime	Exempted For lifetime	Exempted For lifetime

### Non-Export oriented

Exemption	Customs Duty	VAT	PAL	CESS
Importation of construction related items during project implementation (PI) period	Exempted	Deferred	Exempted During PI	Exempted During PI
Importation of Capital items (plant, machinery, equipment)	Exempted During PI Period	Deferred during PI Period	(For Inv > US\$ 50 Mn)	(For Inv > US\$ 50 Mn)

### Foreign Equity

100% foreign ownership is permissible.

### Repatriation of Earnings

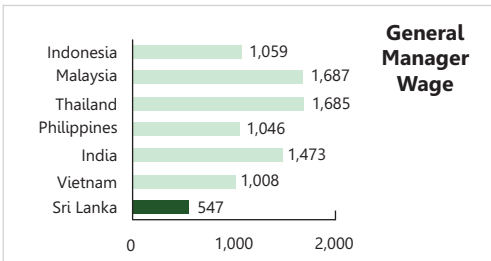
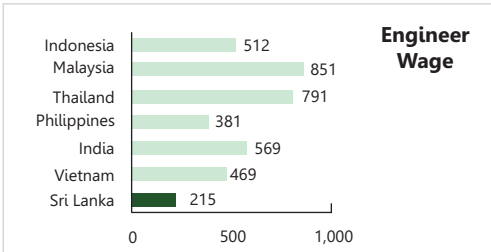
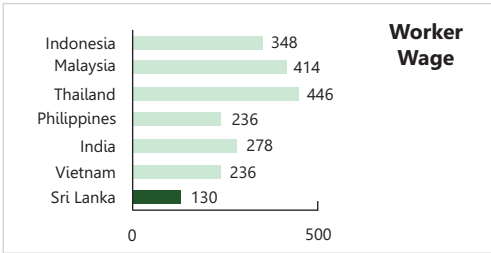
All income, proceeds on sale of the investments can be repatriated through an Inward Investment Account opened by the Investor.

## Major Investments in Sri Lanka



# Competitive Wages

## Manufacturing Sector Wage Rates (US\$ / Month)



Source : JETRO Survey 2020

## Priority Areas for Investment

- Wiper blades
- Clutches and parts
- Gear boxes
- Suspension systems (Including shock absorbers)
- Safety airbags with inflator system
- Safety seat belts
- Electrical lighting or signal equipment
- Steering wheels
- Drive-axles with differential



### Contact us for more details :

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