



ELECTRICAL & ELECTRONIC Sector



The Board of Investment of Sri Lanka

Overview

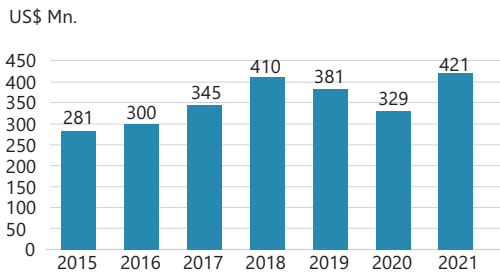
Making an increasingly healthy contribution towards the country's export-led economic development progression, Sri Lankan Electrical and Electronics (E & E) industry has marked its emergence into the global electronics value-added supply chain with products and services finding acceptance amongst reputed global market leaders. The E & E sector caters to multiple industries including automobile, telecommunication, consumer electronics, industrial automation and numerous other verticals.

Key Facts

- **Around 70 companies**
- **Over 35,000 workforce including high profile researches design engineers**
- **Over US\$ 400 Mn. exports**
- **7% annual average export growth**

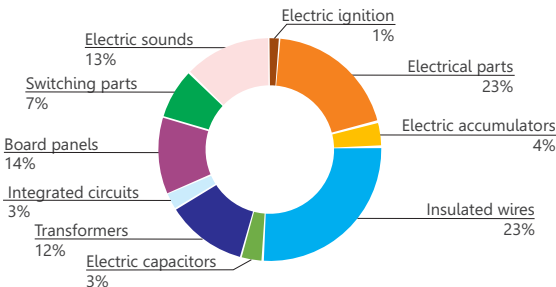
Sri Lanka's E & E Exports

The exports of E & E products more than US\$ 400 Mn. in 2021 and annual average of growth of exports is about 7%.

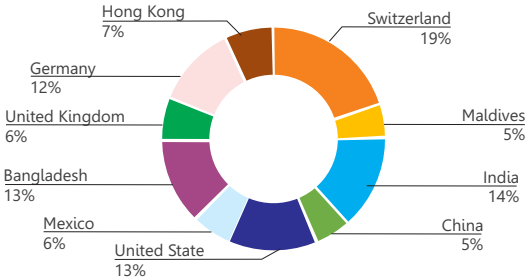


Source: Export Development Board

Top 10 Export Products



Top 10 Export Destinations



Source : Export Development Board

Global Recognition

- Supplying seat belt, safety sensor harness for world renowned automobile companies such as Toyota, Honda, Aston Martin, Volvo, Opel and BMW.
- Progressively stepping into the global value-added supply chain with a range of cutting-edge products and services, keeping pace and aligned with emerging global trends of 'digitization', 'automation', 'miniaturization', and development of sustainable green energy'.
- Renowned for world-class quality and unparalleled delivery records. Conforms to all required industry standards and global accreditations, observe Restriction of Hazardous Substances (ROHS) of E & E Equipment and Waste Electronics & Electrical Equipment (WEEE) recycling regulations, and strictly adhere to the ILO requirements.
- ISO certified, committed to protecting the environment, and conform to many international certifications.

Strengths / Advantages

Natural Resources

Sri Lanka also possesses extensive, high-quality deposits of minerals such as graphite, kaolin, feldspar, silica sand, quartz and ilmenite, used as a base material for electronic products. As an emerging export partner in the value chain, 'Genuity' of the Sri Lankan E & E industry has been hailed by the global industry.

Skilled Labour

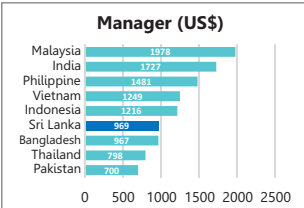
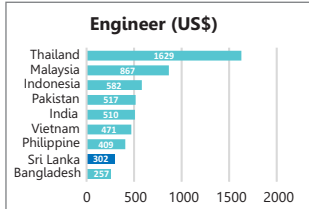
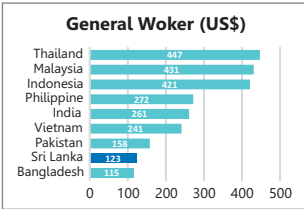
Renowned for the high standards of education, the higher education and vocational institutes of the country, Sri Lanka continuously produces cohorts of highly skilled technological and engineering professionals specialized in various domains of E & E industry, that join the country's workforce every year.

- Over 1,500 Engineering graduates from state universities per annum.
- Vocational Training institutions generate over 10,000 skilled labourers per annum.

- University of Vocational Technology (UNIVOTEC) records an output of over 800 graduates per annum in the field of Technology.

Competitive Wage Rates

In following wage rates in three different categories, Sri Lanka is the lowest compared to its regional peer countries.



Source : JETRO Survey 2021

Market Access

The preferential market access under EU GSP Plus scheme, and several other bilateral agreements, including the Indo-Lanka Free Trade Agreement and Pakistan-Sri Lanka Free Trade Agreement, have provided duty free market access to Sri Lankan exporters of E & E products.

ISFTA

Indo-Lanka Free Trade Agreement (ISLFTA)

100% duty free market access for all E & E products.

PSFTA

Sri Lanka Free Trade Agreement (PSLFTA)

100% duty free market access for E & E products (except insulated wires, electric motors, generators, monitors, projectors, electric filament or discharge lamps, discs, tapes).

EU GSP+

EU GSP+ scheme

100% duty free market access for all E & E products.

SAFTA

South Asian Free Trade Agreement (SAFTA)

Tariffs preferences to a level between 0-5% on some E & E products.

APTA

Asia Pacific Trade Agreements (APTA)

Margin of Preference (MOP) on some E & E products.

Global Connectivity

Fast becoming a fully-fledged logistical hub in the region, Sri Lanka also presents economical, flexible and timely sea and air connectivity to key global markets in the Electronic and Electrical sector.

Research & Development

Within the country's E & E industry, the focus, and investments on R&D in affiliation with global partners has enabled and empowered sustainable innovation and design capability that can be made available at economical scales. This also has enabled global brands in search of small and medium scale high-quality manufacturers and service providers to procure total end to end solutions, that consist of design, development, manufacturing and delivery solutions of the highest standard.

Benefits to Investors

Enhanced Capital Allowance (ETA)

(In addition to normal depreciation allowance)

Total Investment Made (US\$ Mn.)	Enhanced Capital Allowance (ECA)		Period for deducting unrelieved losses
	Northern Province	Other than Northern Province	
> 3	200%	100%	Until April 2024
< 3	200%	100%- 150%	10 -25 years

Exemption from Import Taxes & Levies

Export oriented

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

Potential areas for Investment

- Semiconductors
- Electric Batteries
- Electrical Boards & Panels
- Electric Capacitors
- Safety airbags
- Safety seat belts
- Electrical Switches &
- Plugs
- Transformers
- Fiber optic related products
- Insulated Wires
- Energy saving lamps

Global Presence in Sri Lanka

The local industry experienced a heavy injection of foreign investments from Japan, Sweden, Switzerland, India, the United Kingdom and Germany for mass scale component manufacturing.



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