



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

Bowsers

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)

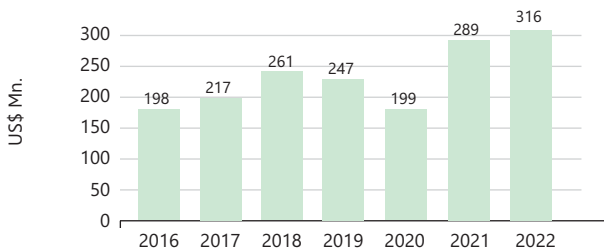
Dash Board Systems

Suspension Components



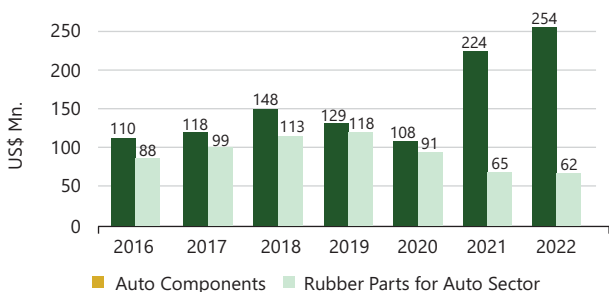
Sri Lanka's Auto Components Exports

Auto Components Export (2016-2022)



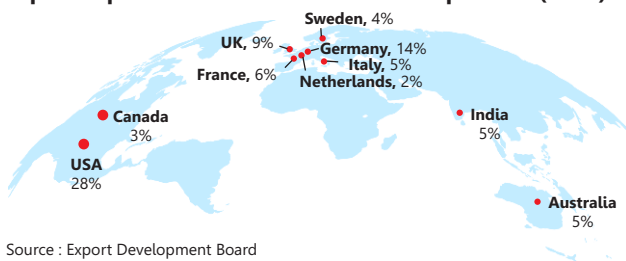
Source : Export Development Board

Exports of Rubber Parts & Auto Components (2016-2022)



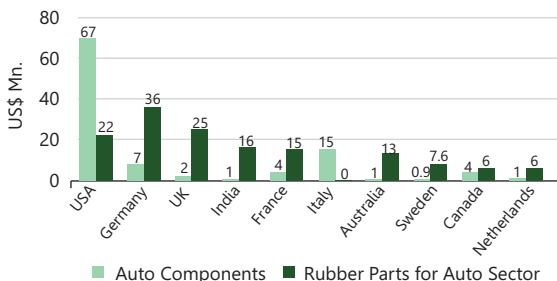
Source : Export Development Board

Top 10 Export Destinations for Auto Components (2022)



Source : Export Development Board

Top 10 Export Destinations for Rubber Parts & Auto Components (2022)



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

- 2,000 Engineering graduates from state universities per annum.
- University of Vocational Technology (UNIVOTEC) records an output of over 1,000 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 72,000 MT per annum, of which 64% 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+ 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.

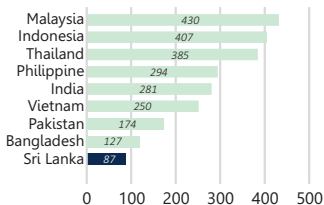
Major Investments in Sri Lanka



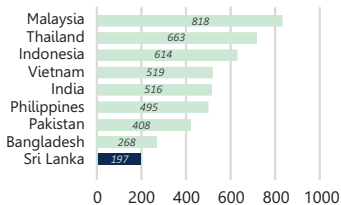
Competitive Wages

Manufacturing Sector Wage Rates (US\$ / Month)

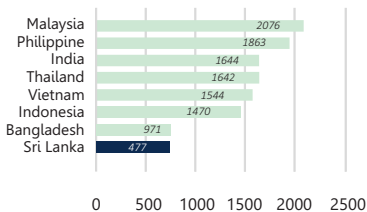
General Worker (US\$)



Engineer (US\$)



Manager



Source : JETRO Survey 2022

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 :

Board of Investment of Sri Lanka (BOI)
Investor Facilitation Centre (IFC)
Level 27, West Tower, World Trade Center,
Echelon Square, Colombo 01, Sri Lanka.
Tel: +94 11 2434403-5 Fax: +94 11 2447994
ifc@boi.lk
www.investsrilanka.com