



ANIMAL VETERINARY INDUSTRY Sector



The Board of Investment of Sri Lanka

Overview

Sri Lanka is geared to attract investors to the Animal Veterinary Industry with a rich heritage of veterinary academic and professional technical experience, the Department of Veterinary Science was established in Colombo at the Faculty of Medicine of the University of Ceylon in 1947. Hence it has produced Research and Development of knowledge-based that continually produces academics and technocrats in the country. The leading universities in the country produce veterinary science graduates annually with established highly academic and industry-facilitated programs. (Five-year Degree of Bachelor of Veterinary Science (BVSc) Program)

The Asia-Pacific animal health market is poised for robust growth in the coming years, according to a new report from MarketsandMarkets. The market is projected to reach \$22.1 billion by 2025, up from \$15.6 billion in 2020. This represents a compound annual growth rate (CAGR) of 7.2% over the forecast period. Further, the global Veterinary Healthcare market size was valued at USD 40842.5 million in 2021 and is expected to expand at a CAGR of 6.37% during the forecast period, reaching USD 59149.99 million by 2027.

In Sri Lanka, the local market size is valued at USD 12.5 million, and only 5 % is locally manufactured, and 95 % is imported. The industry sectors consist of Dairy, Poultry, Swine, Goat and Aqua.

The Sectors are available for investment.

1. Pharmaceuticals and Vaccines
2. Diagnostics
3. Medical Devices
4. Nutrition
5. Services
6. Companion Animal Healthcare
7. Livestock Healthcare

The Local animal health and welfare sector has identified different animals' recurrent health problems. (Department of Animal Production and Health)

Cattle: Haemorrhagic Septicaemia (HS), Foot and Mouth Disease (FMD), Lumpy Skin Disease (LSD), Bovine Brucellosis, Bovine Babesiosis, and Bovine Tuberculosis (TB)

Poultry: Newcastle Disease (ND), Infectious Bursal Disease (IBD), and Infectious Bronchitis (IB)

Swine: Porcine Reproductive and Respiratory Syndrome (PRRS) and Foot and Mouth Disease (FMD)



Why Sri Lanka

Access to Key Markets

ISFTA

Indo-Lanka FTA

100% duty free market access for animal medicinal products export from Sri Lanka to India

PSFTA

Pakistan-Sri Lanka FTA

100% duty free market access for animal medicinal products exported from Sri Lanka to Pakistan.

SAFTA

South Asian Free Trade Agreement (SAFTA)

Tariffs preferences to a level between 0-5% on animal medicinal products exported from Sri Lanka to Bangladesh, Bhutan, Afghanistan, Nepal and Maldives.

APTA

Asia Pacific Trade Agreements (APTA)

The APTA member countries have offered the Margin of Preference (MOP) as follows; export from Sri Lanka to China and South Korea.

- China - 10%, 17%, 35% and 50% MOP on MFN rate
- South Korea - 25% and 30% MOP on MFN rate





Investment Opportunities in Hambantota Zone (Pharmaceuticals)

- “Dedicated Pharmaceutical” zone with industry leading incentives.
- 400-acre state of the art modern zone initiated as a Strategic Development Project.
- Strategic location near Hambantota port & international airport.

Special Tax Incentives for Pharma Zone in Hambantota (Southern Province)

- Minimum of 5 years up to the maximum of 10-years tax holiday
- Importation of capital goods, construction items & raw materials exempted from all import duties (Customs duty, VAT, PAL CESS)
- Customs Duty, VAT, PAL and CESS shall not be charged for import substitution via sales of finished goods to the local market by the enterprise
- Exemption from Income Tax for 20 expatriates employees exempted from for a period of 05 years.

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

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)



Regulatory Authorities

All veterinary products manufactured or imported should be registered with Veterinary Drugs Control Authority (VDCA) of Department of the Animal Production and Health, Peradeniya.

- Animal Diseases Act, No. 59, 1992
- Animal Feed Act, No. 15, 1986
- Animals Act, No. 29, 1958

Products and Areas of Investment Opportunities

- Vaccine (Live Attenuated, DNA, Recombinant & Inactivated)
- Medicated Feed Additives
- Veterinary Equipment
- Pharmaceuticals (Parasiticides, Anti-infective, Anti-inflammatory & Analgesics)
- Establishment of Veterinary Hospitals & Clinics
- Laboratories / Point-of-Care Testing/In-house Testing
- Livestock feed



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