

# RUBBER

## MANUFACTURING SECTOR



**BOARD OF INVESTMENT OF SRI LANKA**



# Overview

Sri Lanka occupies a prominent place among rubber-producing countries in the world, and it is renowned for producing high-quality rubber products; natural rubber, including Ribbed Smoked Sheets (RSS), Crepe Rubber, Technically Specified Rubber (TSR), and Latex Concentrate. The total rubber production in Sri Lanka accounts for approximately 70,000 metric tons per annum. The industry involves smallholder farmers, large-scale plantations, processing units, marketing organisations, and manufacturers.

Sri Lanka prides itself in manufacturing a number of value-added rubber products by processing raw rubber. This range of rubber products made in Sri Lanka is internationally acclaimed and accepted for quality and durability. Sri Lanka's industrial solid tyres are not only recognised as the best product in the world, but also industry prides itself as the global market leader.

Of this natural rubber production, 70% is absorbed by the rubber products manufacturing sector comprising of organisations categorised as small, medium and large.

The production & processing of natural rubber and rubber product manufacturing industry together provide gainful employment for over 300,000 persons.

## Manufacturing Rubber Products in Sri Lanka

- Solid Tyres
- Pneumatic Tyres
- Tubes
- Sports Goods
- Working Gloves
- Medical/Surgical Gloves
- Shoe Soles
- Rubber Bands/Straps
- Hoses
- Hot Water Bottles
- Hygienic or Pharmaceutical Articles

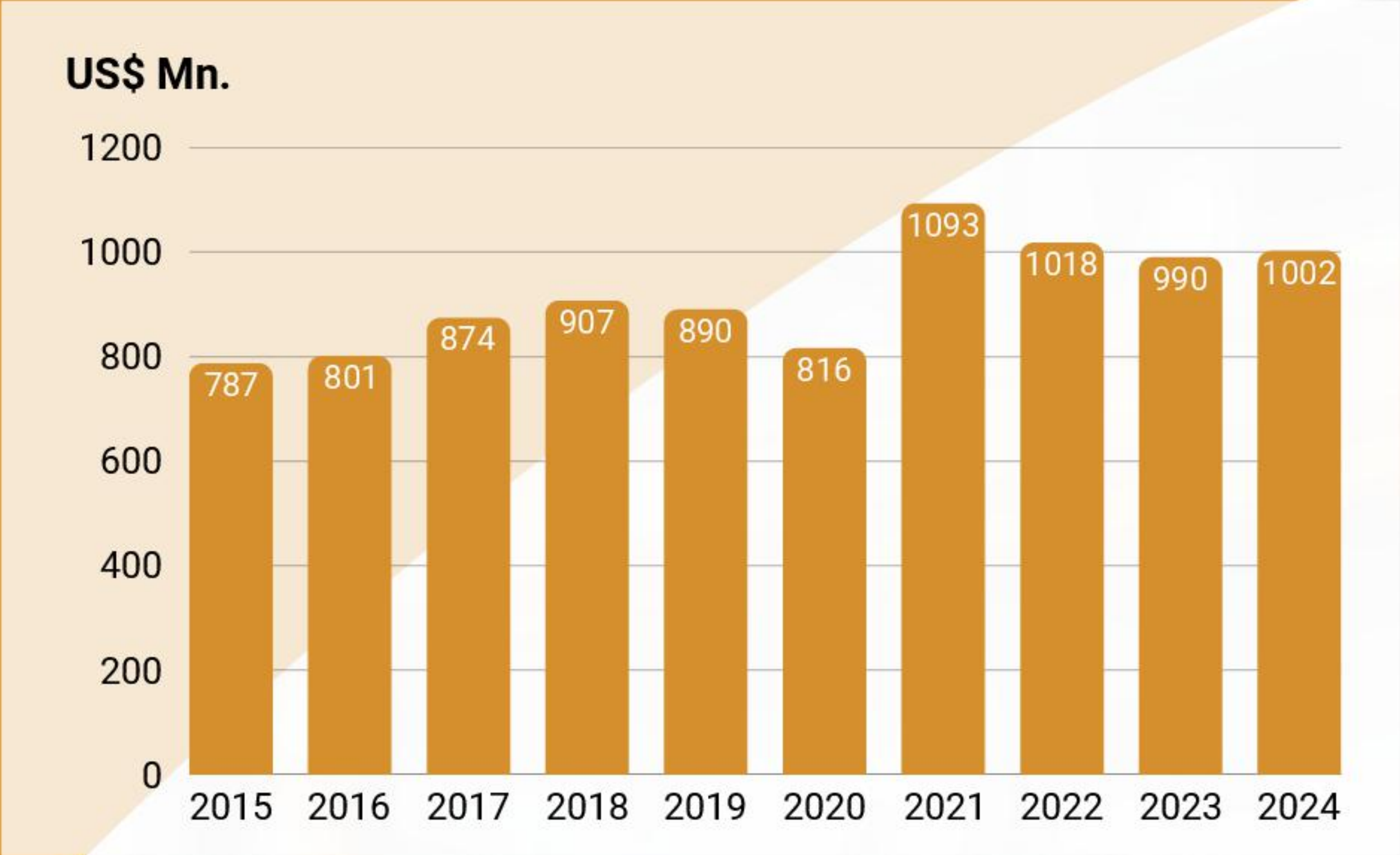
## Key Facts

- Over 50 Companies
- Exports Over US\$ 1 Bn. (Target - US\$ 2 Bn. by 2030)
- 8 percent Contribution to Sri Lanka's total Annual Exports
- Contributes About 0.8 Percent of the Total GDP
- Direct Workforce Over 300,000
- The Second Largest Export Earner of the Industrial Export Sector



# Sri Lanka's Rubber Exports

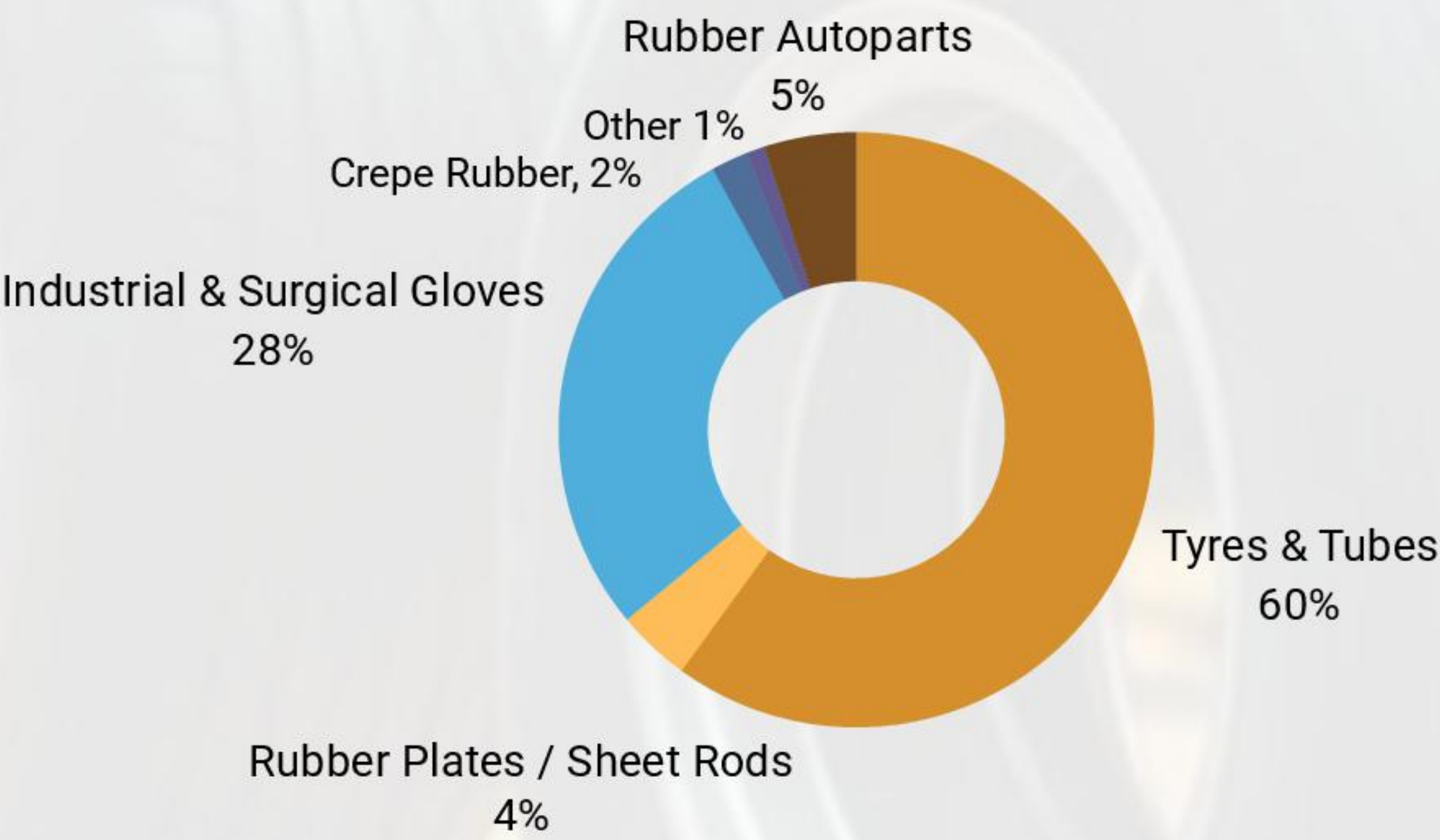
## Rubber Exports (2015-2024)



Source: Export Development Board

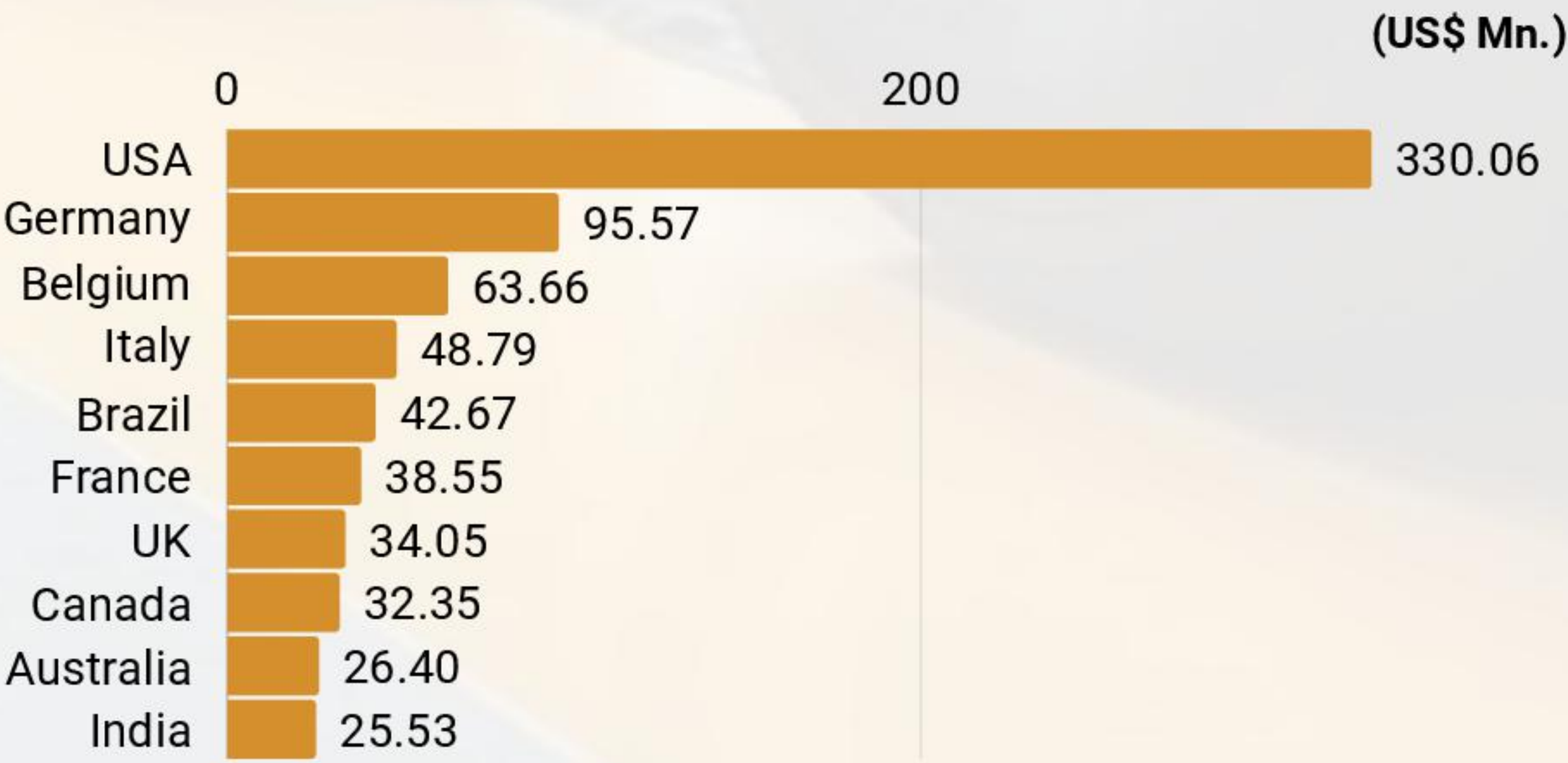
## Rubber Exports by Product (2024)

**Total Rubber Exports US\$ 1,002 Mn.**



Source: Export Development Board

## Rubber Exports by Country (2024)



Source: Export Development Board



# Global Recognition



- The Largest Solid Tyre Exporter in the World, Serving about 25% of the Global Demand.



- 6<sup>th</sup> Largest Exporter of Rubber Surgical Gloves in the World.

## Strengths

### 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 for proper supply chain management.

### Skilled Labour



- Over 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.

### Market Access under Trade Agreements

**Indo-Lanka FTA  
(ISFTA) \***

100% Duty Free

**Pakistan-Sri Lanka FTA  
(PSFTA) \*\***

100% Duty Free

**Thailand-Sri Lanka FTA  
(TSLFTA)**

100% Duty Free for 87 items & tariff elimination for 120 items in 15 years.

**EU GSP+**

100% Duty Free

**UK Developing Countries  
Trading System  
(UK DCTS)**

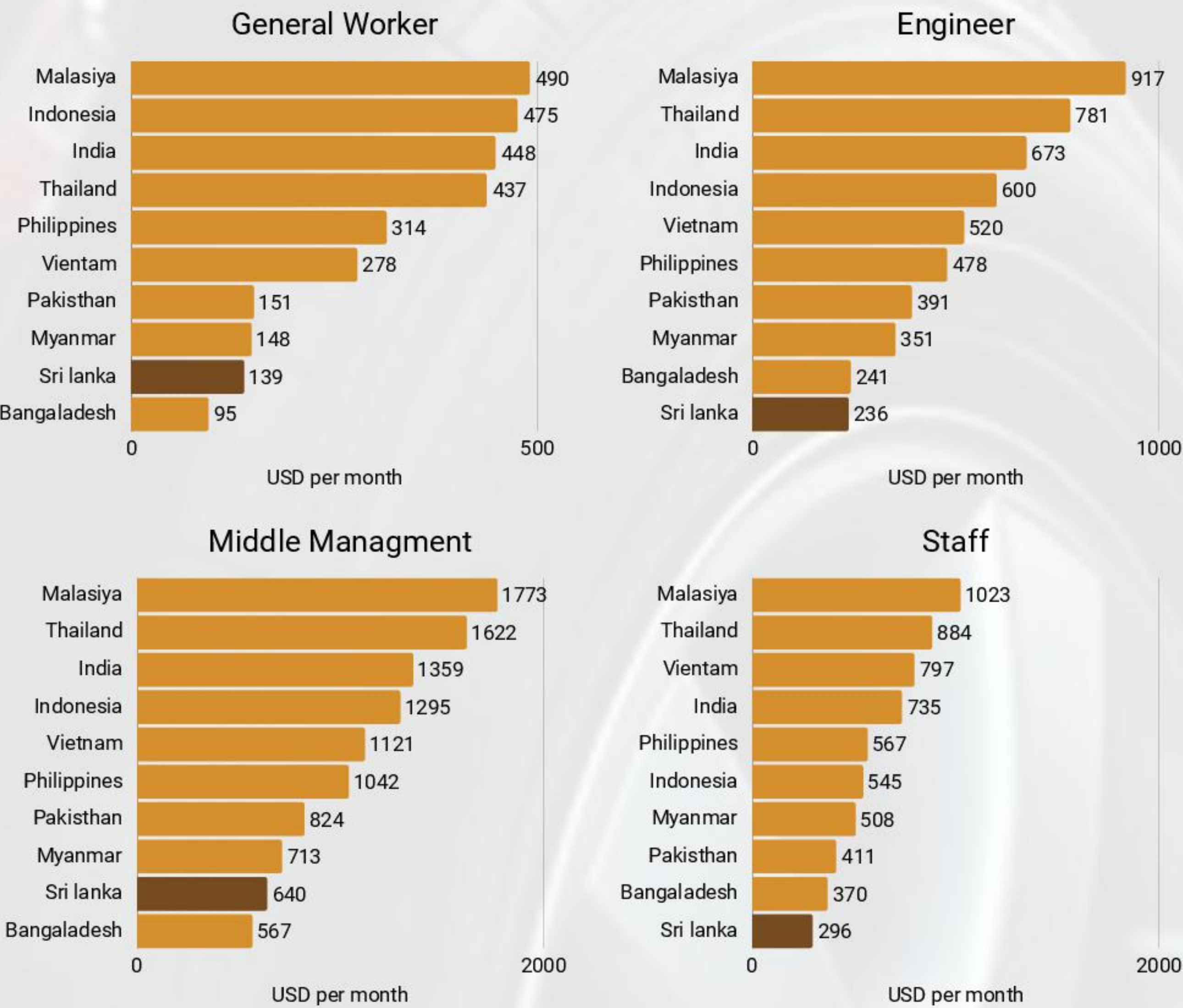
100% Duty Free

\*Except HS Codes 4001, 4003, 4004, 4005, 4006, 4007, 4008, 4012, 4016 & 4017

\*\* Tyres for motorcycles & bicycles, tubes for agricultural tractors & bicycles and inflatable articles



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



Source: JETRO Survey 2024

## Benefits to Investors

### Enhanced Capital Allowance (ECA)

Applicable to new projects and expansion by existing BOI projects.

Total Invesment Made (US\$ mN)	Enhanced Capital Allowance		Period for Deducting Unrelieved Losses (Years)
	Northen Province	Other than Northern Province	
> 3 and ≤ 100	200%	100%	10
> 100 and ≤ 1,000	200%	150%	10
> 1,000	200%	150%	25

Depreciable Assets:

Class 1: computers and data handling equipment together with peripheral devices.

Class 2: buses and minibuses, goods vehicles, construction and earthmoving equipment, heavy general purpose or specialised trucks, trailers and trailer-mounted containers, plant and machinery used in manufacturing.

Class 3: railroad cars, locomotives, and equipment, vessels, barges, tugs, and similar water transportation equipment, aircraft, specialised public utility plant, equipment, and machinery, office furniture, fixtures and equipment, any depreciable asset not included in another class.

Class 4: buildings, structures and similar works of a permanent nature.

Class 5: intangible assets, excluding goodwill.

### Exemption of income tax on Employment Income of expatriates during the ECA

During the period covered by the ECA, the employment income of the company’s expatriate employees is entitled to a 0% rate, where:

- The company has incurred more than US\$ 250 Mn on depreciable assets in Sri Lanka, for the period in which that payment is made, out of profits sheltered by ECA allowance, or for 5 years from the commencement of commercial operations, whichever is higher.
- The number of expatriate employees at any time during that period does not exceed twenty.



# Exemption from Import Taxes & Levies

Exemption	Export oriented				Non-Export oriented			
	Customs Duty	VAT	PAL	CESS	Customs Duty	VAT	PAL	CESS
Importation of construction related items during project implementation (PI) period	✓	✓	✓	✓	✓	✓	✓	✓
Importation of capital items (plant, machinery, equipment)	✓ Lifetime	✓ Exempted / Deferred for a Lifetime	During PI (for Inv > US\$ 50 Mn)	During PI (for Inv > US\$ 50 Mn)	✓ During PI period	✓ During PI period	During PI (for Inv > US\$ 50 Mn)	During PI (for Inv > US\$ 50 Mn)
Importation of raw materials and production /related consumables	✓ Lifetime	✓ Exempted / Deferred for a Lifetime	✓ Lifetime	✓ Lifetime	X	X	X	X

## Investment Opportunities

### Priority Areas of Investment in Rubber Sector

- Solid & Pneumatic Tyres Tubes Hot Water Bottles
- Hygienic or Pharmaceutical Articles Industrial & Surgical Gloves
- Rubber Auto Components (Carpets, Beadings, Mud Flaps, Washers, Bushes, Gaskets, Leaf Springs, Center Bolts, Extrusions, Coil Springs & Bearings)

## Global Presence in Sri Lanka



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