

INVEST IN SRI LANKA

Apparel & Textile Sector



Overview

Sri Lanka's apparel industry is a globally recognized success story—built on a legacy of ethical manufacturing, skilled craftsmanship, and long-standing partnerships with leading international brands. One of the country's top export earners, the apparel industry continues to offer stable, high-value opportunities for BOI investors seeking a well-established and resilient manufacturing base, by leveraging on the highly skilled workforce, and a well-established ecosystem of design, production, and logistics.

Apparel continues to be a strong and resilient investment sector, with growing opportunities in the textile manufacturing & value added production and sustainable sourcing.

With dedicated industrial zones, fast-track approvals, and policy support for backward integration, BOI welcomes investors to partner in transforming Sri Lanka into a fully integrated apparel and textile hub.

Investment Opportunities



Intimate wear



Casual wear



Active wear



Wearable tech



Mobile integration

Key Facts

US\$ 5.05 Bn.
Export Revenue
(2024)

US\$ 7 Bn.
Export revenue
targeted by 2030

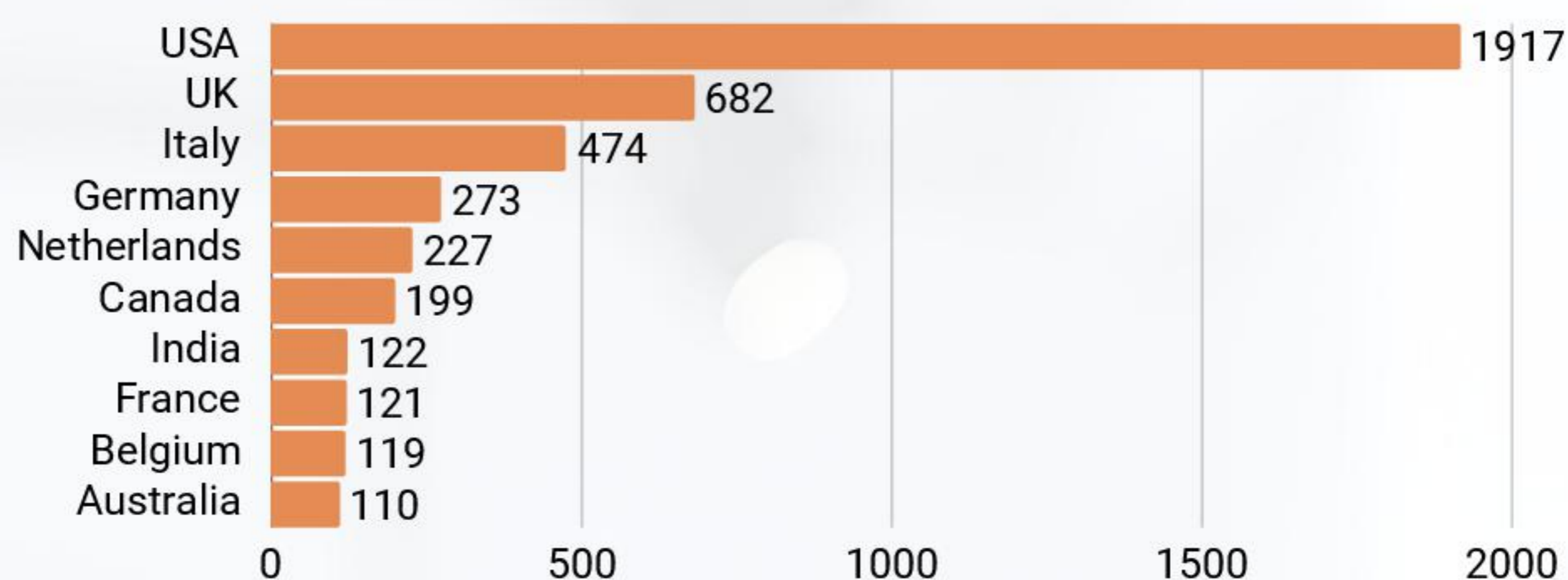
Nearly 1 million
direct & indirect
employment

Over 350
factories

42% contribution
to Merchandise
Exports (2024)

5.3%
growth in index
of industrial
production

Apparel Exports by Country (2024)



Apparel Exports (2015 - 2024)



Why invest in Sri Lanka



Renowned ‘Ethical Apparel’ sourcing destination : 1st in the world to inculcate fair labour practices and safe working conditions



Compliance at World Class Standards : Sri Lankan manufacturers offer the highest compliance to supplier requirements and is considered an ethical sourcing destination.



Sustainability concern: Over 70% of apparel exporters use renewable energy and follow green certifications such as LEED.



Talented and Skilled Workforce : BOI accounts for 85% of the national apparel sector employment with a reputation for precision manufacturing.



Supply Chain Connecteivity: Well established network of upstream & downstream suppliers



Emerging Opportunities : Dedicated Textile Manufacturing Zone

Market Access

EU GSP+

100% duty free market access for all apparel products

UK Developing Countries Trading System (UK DCTS)

100% duty free market access for all apparel products

Indo-Lanka FTA (ISFTA)

8 million pieces per annum with 100% duty free

BOI Facilitation

- Tailored Investment Research
- Location Analysis
- Stakeholder Connectivity
- Trade Facilitation
- Factory & Site Visits
- Policy Guidance
- Clearance Support
- Investor Engagement






Unlocking Growth with a Dedicated Textile Zone

- **Purpose** : Specialized zones designed exclusively for textile manufacturing
- **Global Market Advantage** : Potential access to preferential trade schemes such as EU GSP+ and DCTS
- **Supply Chain Resilience** : Strengthening and diversifying the apparel supply chain to reduce risks and enhance agility
- **Cost & Time Efficiency** : Faster material lead times and lower input costs for seamless production
- **Direct Connectivity** : Integrated into the value chains of global super brands
- **Acclaimed Excellence** : Sri Lanka's reputation for quality, compliance, and innovation in textiles and apparel.
- **Strategic Location** : Ease of access to major seaports and air connectivity

Eravur Zone Facilities

- ✓ EIA Approved
- ✓ Waste Management Area
- ✓ Waste Water Disposal Facility
- ✓ Road Facilitation
- ✓ Water Supply
- ✓ Power Supply (10MVA Power Supply)

Pre Approved Activities

-  Textile Dying
-  Textile Washing
-  Textile Knitting
-  Textile Weaving
-  Other Associated activities



Land Extent

Total - 255 Ac
Industrial - 182.4 Ac

Lease Premium

USD 35,000/ Acre

Lease Period

30 Years

Proposed Ground Rent

USD 5,000/ Acre/Annum

Benefits to Investors

Enhanced Capital Allowance (ECA)

Applicable to new projects and expansion by existing BOI projects.

Total Invesment Made Depreciable Asset (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	200%	150%	10
> 1,000	200%	150%	25

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

Global Presence



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