

BOAT MANUFACTURING & SHIPBUILDING SECTOR

Creape Rubber
2%

BOARD OF INVESTMENT OF SRI LANKA

Overview

The boat and shipbuilding sector is an emerging industry in Sri Lanka, which contributes to the country's economy and drives industrialisation. The industry offers a wide range of products and services, including various types of boats; yachts, fishing boats, passenger boats, etc., pre-production services; design, lofting & mould making and post-production services; maintenance and repairs.

There are approximately 76 active boatyards in Sri Lanka's boatbuilding sector. These companies provide direct employment for about 5,000 people and indirect employment for over 15,000 people in supporting activities. The sector produces various types of boats, including fishing vessels, recreational crafts, and yachts.

In 2024, the industry contributed over USD 40 Mn. exports and continues to grow, offering a wide variety of products and services to the international markets.

Manufacturing & Services Operation of Boat and Shipbuilding Sector in Sri Lanka

Boat Manufacturing

- Yachts
- Pleasure & Leisure Boats
- Fishing Boats
- Passenger Boats
- Sport Boats
- Rescue Boats
- Coast Guard
- Patrol Boats
- Fast Attack Crafts
- General Purpose Vessels
- Parts & Accessories
- Crew Boats

Shipbuilding Services

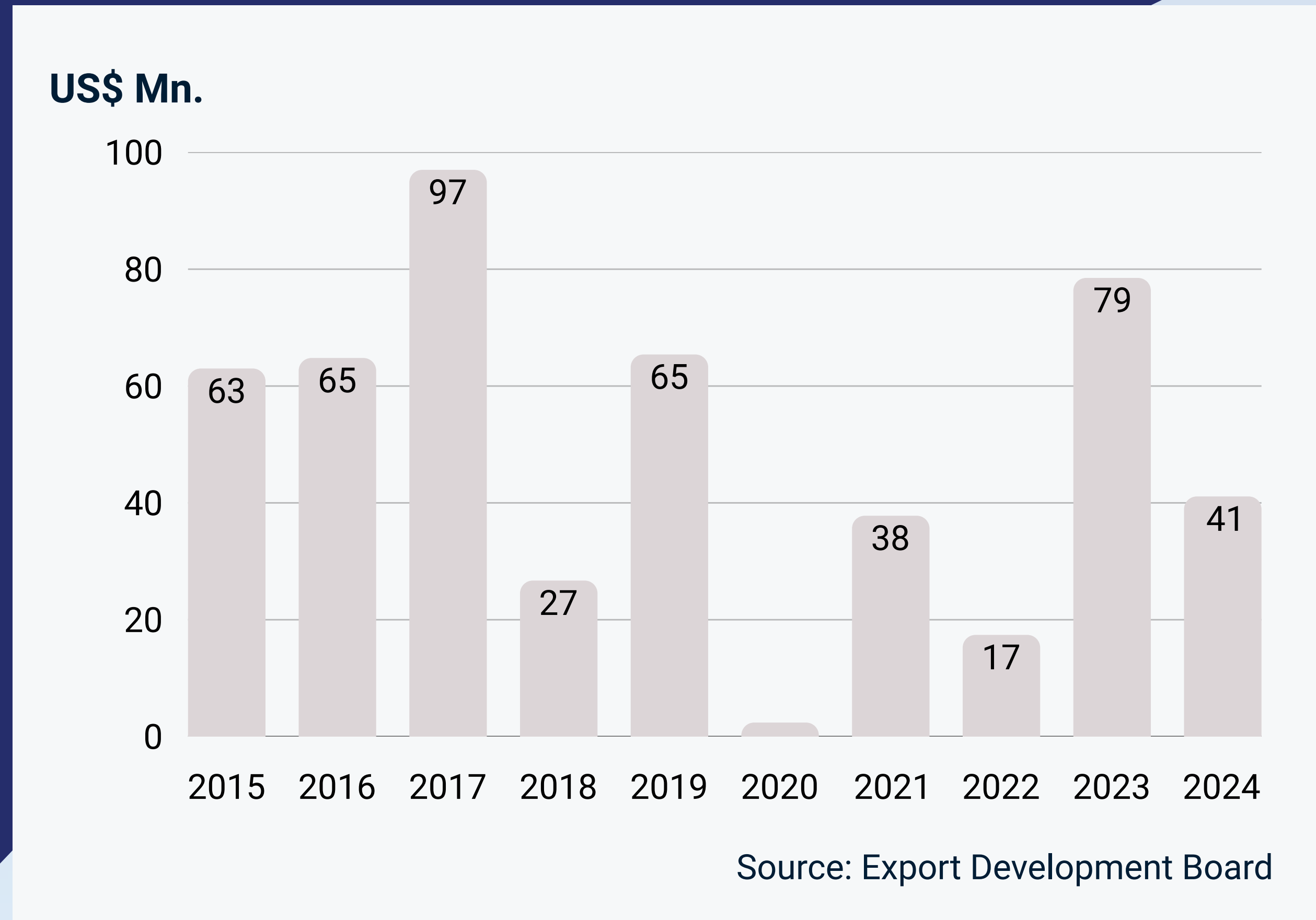
- Harbour Berthing/Towing Tugs
- Naval/Coast Guard Vessels
- Ship Repairing
- Landing Crafts
- Anchor Handling & Supply Vessels

Key Facts

- Over 50 Companies
- Exports Over US\$ 40 Mn. Per Annum
- 76 Active Boatyards
- Direct Workforce Over 5,000 and Indirect Employment 15,000

Sri Lanka's Boat & Shipbuilding Sector Exports

Boat & Shipbuilding Sector Exports (2015-2024)



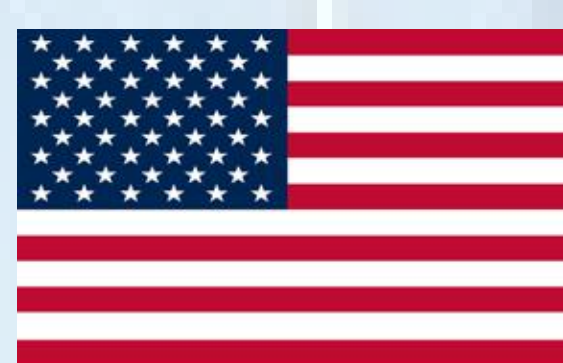
Major Export Markets



Norway



Spain



USA



India

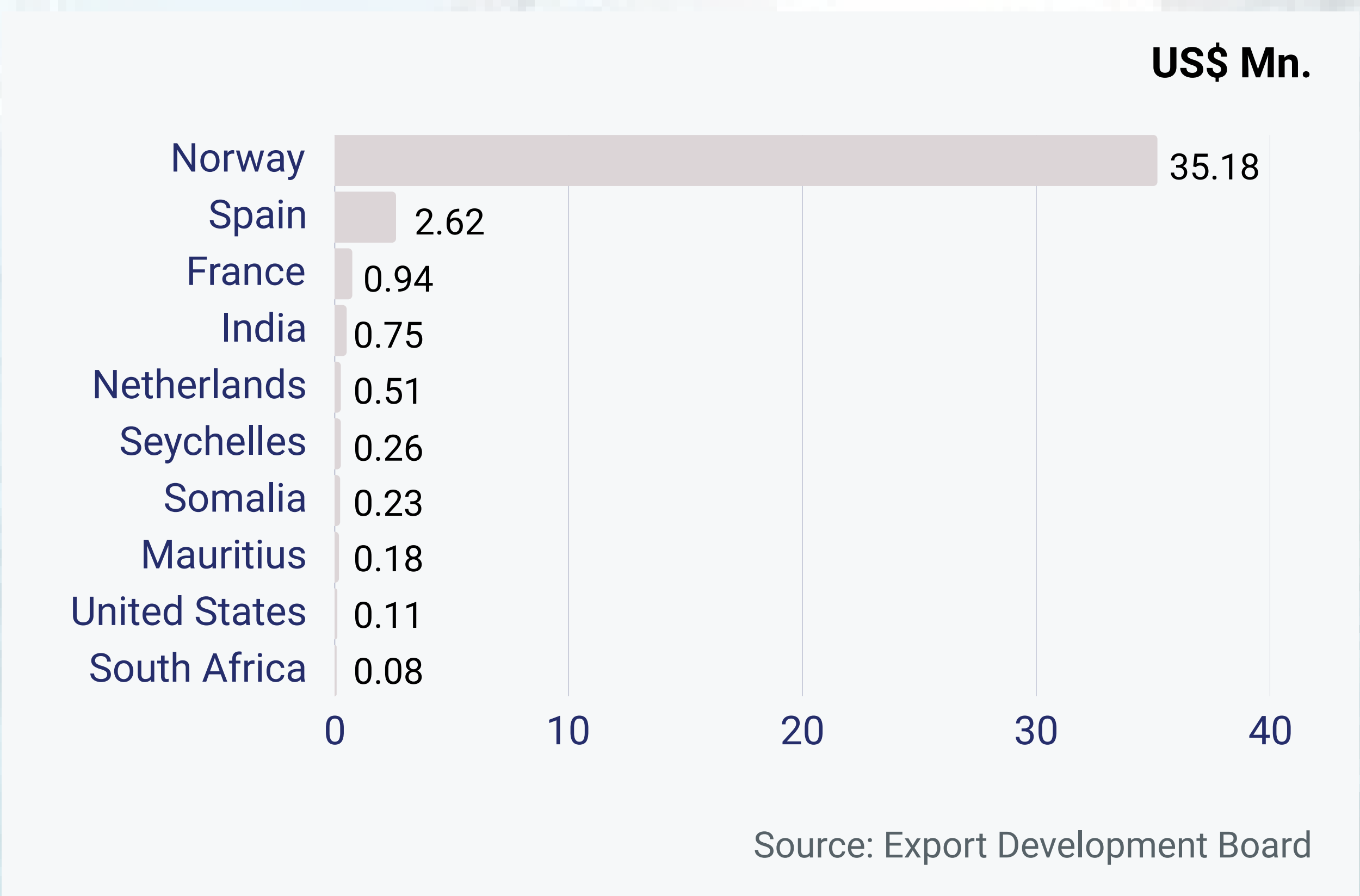


France



Netherlands

Boat & Shipbuilding Sector Exports by Country (2024)



Global Recognition



- Supply high-quality, battle-proven designs, high-speed patrol boats world market.



- Provided specialized services in Ship and Boat Building to a wide range of countries including the USA, UK, Norway, Sweden, Holland, France, Iran, UAE, Yemen, Somalia, Gambia, Nigeria, Pakistan, India, Bangladesh, Maldives, Seychelles, Singapore and Mauritius.



- Participate in International Boat Shows, like Dubai International Boat Show, to showcase capabilities and network with industry professionals.

Strengths

Natural Harbours & Strategic Location

Nestled in the heart of the Indian Ocean, Sri Lanka boasts a unique maritime advantage with the Port of Colombo ranked among Asia's finest offering a range of services to shippers including a fully-fledged ship repair facility, the free port of Hambantota serving multiple sectors with facilities such as oil bunkering and the natural harbours of Trincomalee and Galle enhancing the Island's strategic significance.

Skilled Labour

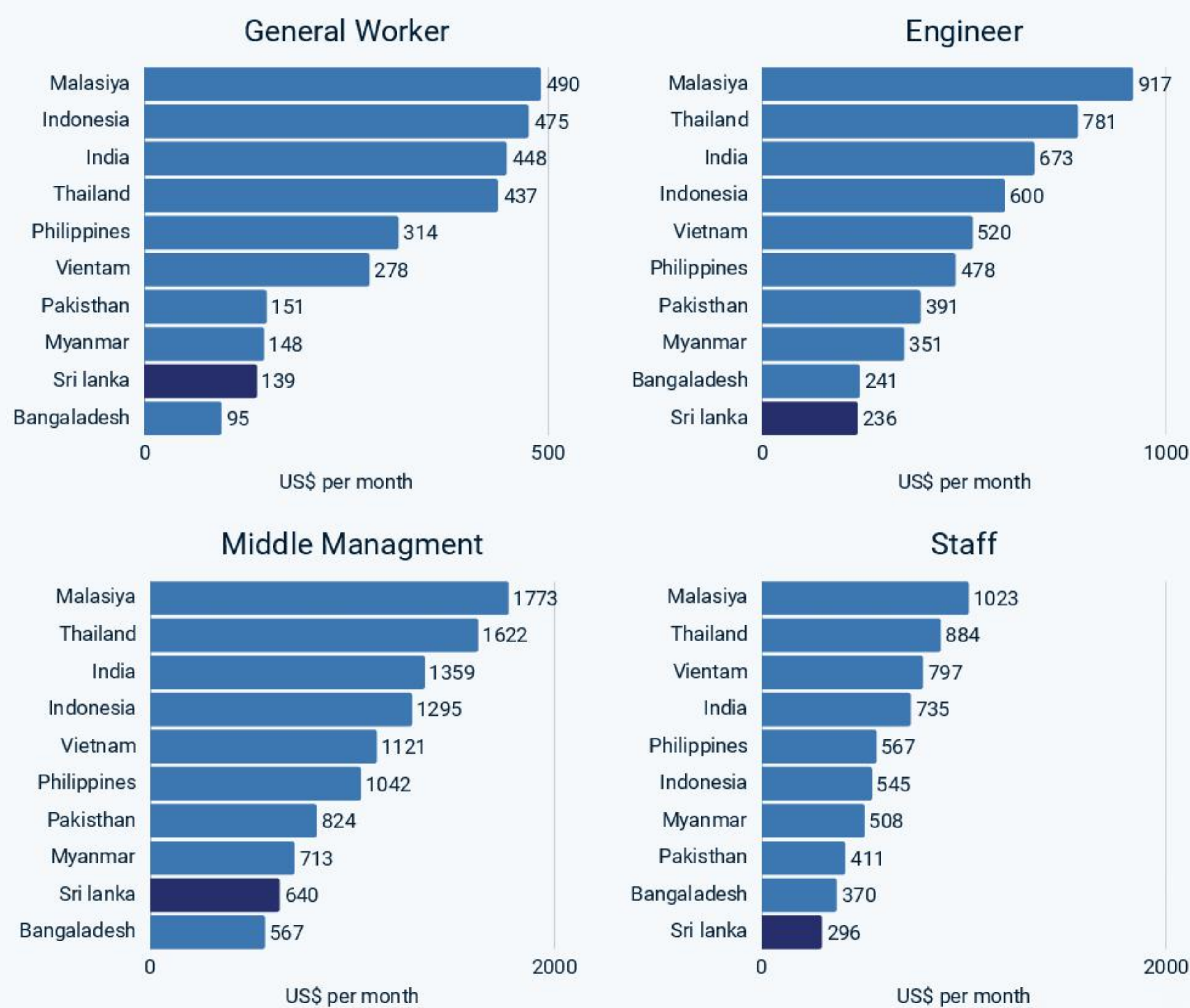


- Over 1,500 engineering graduates from State Universities per annum.
- University of Vocational Technology (UNIVOTEC) records an output of over 800 graduates per annum in the field of Technology.
- Vocational Training institutions generate over 10,000 skilled workers per annum.
- Annual student intake of over 20,000 at the Colombo International Nautical and Engineering College (CINEC).
- Around 16,000 seafarers contribute significantly to the global seafarer pool.

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 38 items & tariff elimination for 28 items in 10 years.
EU GSP+	100% Duty Free
UK Developing Countries Trading System (UK DCTS)	100% Duty Free

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



Source: JETRO Survey 2024

Benefits to Investors

Enhanced Capital Allowance (ECA)

Applicable to new projects and expansions by existing BOI projects.

Total Invesment 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 ≤ 1000	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, if:

- the company has incurred more than US\$ 250 Mn on depreciable assets in Sri Lanka, and for the period in which the 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 Boatbuilding Sector

- Pleasure Boats (Yachts, Speed Cruisers)
 - Commercial Ships (Cargo Ferries)
 - High-speed Patrol Boats
 - Houseboats
 - Fishing Boats
- Floating Restaurants & Bars
 - Paddle Boats.
 - Pleasure Crafts
 - Leisure Boats
 - Rescue Boats
 - Sport Boats

Global Presence in Sri Lanka



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