



INVEST IN SRI LANKA

CHEMICAL SECTOR

BOARD OF INVESTMENT OF SRI LANKA

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OVERVIEW

The chemical industry in Sri Lanka plays a vital role in driving industrial growth and supporting key sectors such as agriculture, construction, apparel, pharmaceuticals, and manufacturing. Positioned strategically between South and Southeast Asia, Sri Lanka offers growing opportunities for investment and innovation in chemicals, making it an essential enabler of the country's economic diversification and sustainable development

Investment Opportunities and Applications

■ Agrochemicals

- Fertilizers, pesticides, herbicides, and crop protection chemicals.
- Supports agriculture (tea, rubber, coconut, paddy).

■ Petrochemicals & Industrial Chemicals

- Lubricants, fuels, solvents, acids, alkalis, and other intermediates.
- Linked to energy, transport, and industrial production.

■ Pharmaceuticals & Medical Chemistry

- APIs (Active Pharmaceutical Ingredients), formulations, radio-pharmaceuticals, cosmetics, and healthcare-related chemicals.

■ Plastics & Polymers

- Raw materials (PVC, PP, PET) and processing for packaging, apparel accessories, household goods, and industrial use.

■ Paints, Coatings, Adhesives & Sealants

- Decorative paints, industrial coatings, sealants, adhesives for construction and manufacturing.

■ Specialty Chemicals

- Textile dyes & auxiliaries, leather chemicals, rubber-processing chemicals, personal care chemicals.

■ Activated Carbon & Graphite-Based Products

- Sri Lanka is a global leader in coconut-shell activated carbon.
- Emerging focus on graphite-to-graphene value addition.

■ Industrial Gases

- Oxygen, nitrogen, carbon dioxide for medical, industrial, and food-processing use.

■ Detergents & Cleaning Agents

- Household cleaning products, industrial detergents, soaps, and surfactants.



EXPORT PROCESSING ZONE

“ Paranthan ”

A Dedicated Zone for Chemical Manufacturing

Location

Paranthan, Kilinochchi District,
Northern Province

Land Extent

Total - 201 Ac

Lease Period

30 Years

Previous Use

Former paranthan chemical site
with infrastructure

Target Sectors

Industrial Chemicals, Rubber
Based Products, Agro Processing



INVESTOR BENEFITS



Enhanced Capital Allowance (ECA)

Applicable to new projects and expansions by existing BOI projects

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 ≤ 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

WHY SRI LANKA?

Location Advantage

- Trans-shipment Hub in South Asia
- Best performing port in the world (1024 – Alphaliner)
- 27th best TEUs throughput – (Lloyds List Top 100 Ports)
- 40th Best connected port 2023 (UNCTAD)
- 4 Terminals with 15 berths with 12-18m depth

Talent and Education

- Over 1,500 engineering graduates from State universities per year
- 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 38 items
& tariff elimination for 28
items in 10 years.

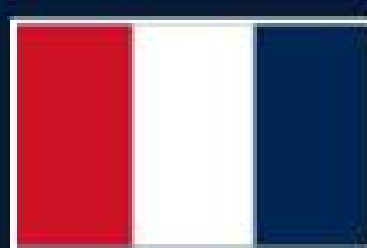
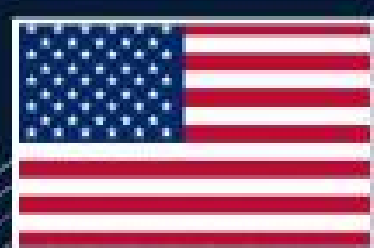
EU GSP+

100% Duty Free

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

100% Duty Free

MAJOR EXPORT DESTINATIONS



GLOBAL PRESENCE IN SRI LANKA



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