

# SRI LANKA'S EVOLVING INVESTMENT CLIMATE AND CONTEXT

December 2025





## An Emerging Fertile Eco-System

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### Sector-Wise FDI

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#### Marine Economy and Logistics Sector

- Sri Lanka's Strategic Location
- Sri Lanka's Marine Economy
- Port Logistics Sector
- Port Development
- BOI Zones
- Marine Industry

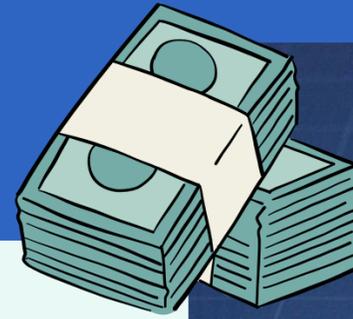
#### Manufacturing and Export Competitiveness Reforms

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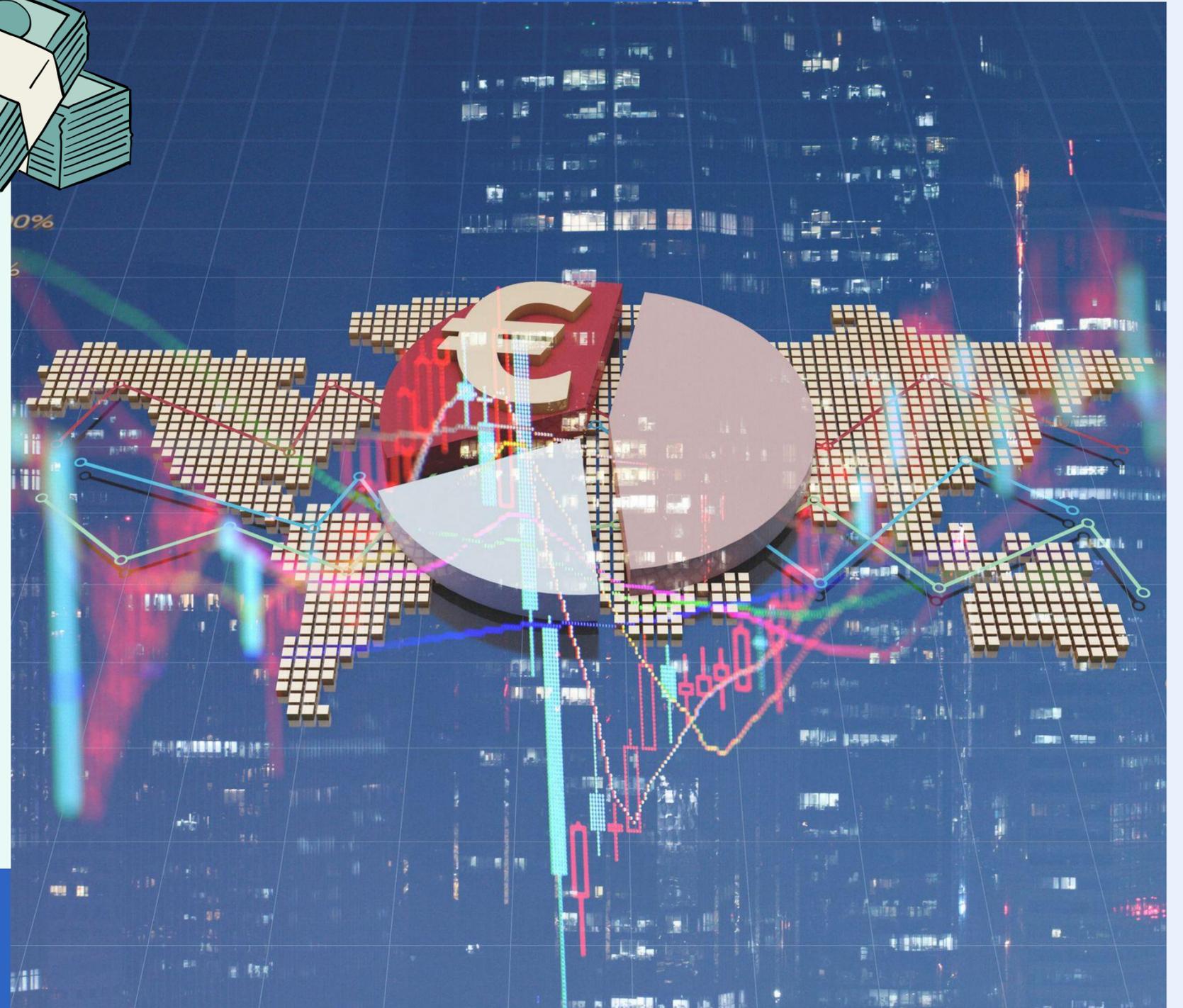
#### Key Priority Sectors for Investment

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#### Measures to Improve the Investment Climate

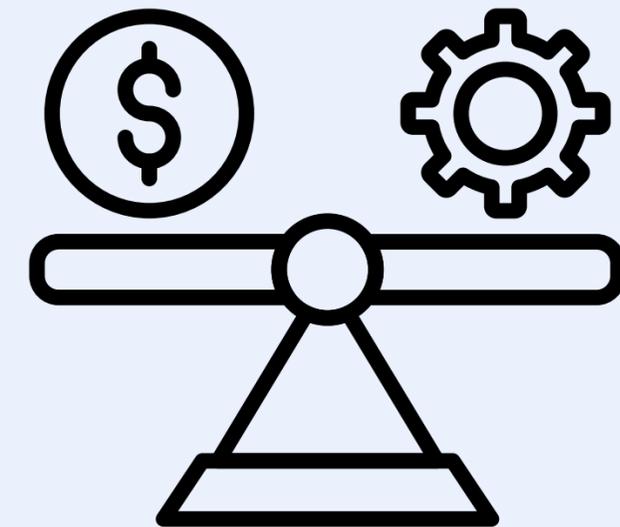


# An Emerging Fertile Eco System



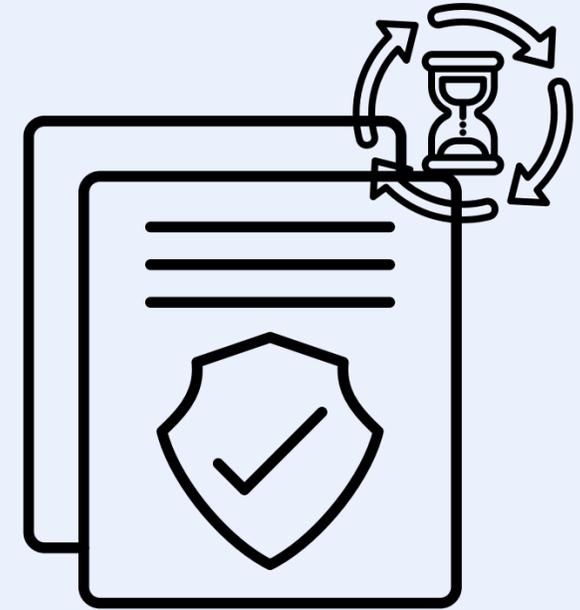
# A Stable Macro-Economic & Political Environment

- **Debt Sustainability Achieved**
- **Monetary and Fiscal stability - primary account surplus, contained budget deficit**
- **Current inflation at 2.1%, getting to 5% target rate by mid-2026**
- **Lowest interest rates at single-digit levels**



# A Stable Macro-Economic & Political Environment Contd.

- **Rating upgrade to investment grade imminent**
- **Certainty and predictability with policy consistency**
- **Good governance and anti-corruption assured and practiced**



# A Yielding Investment Climate

**Best FDI Inflows for last 6 years with a forecast of \$ 1.1bn**

**15% of FDI from approved projects in the current year – getting projects on the ground faster**

**Current investors showing renewed interest and confidence - expansion pursued aggressively and with confidence**



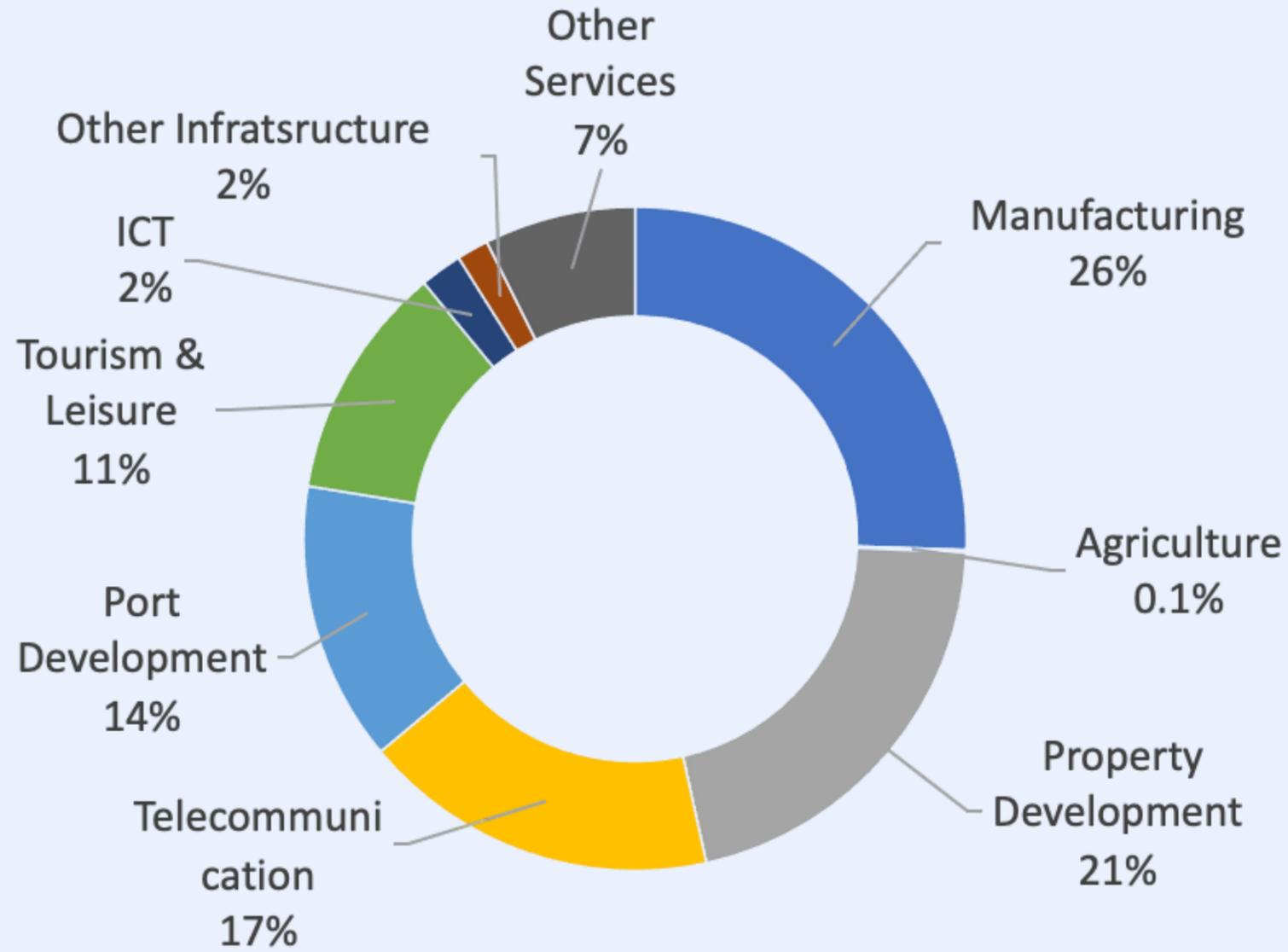


## Sector-Wise FDI

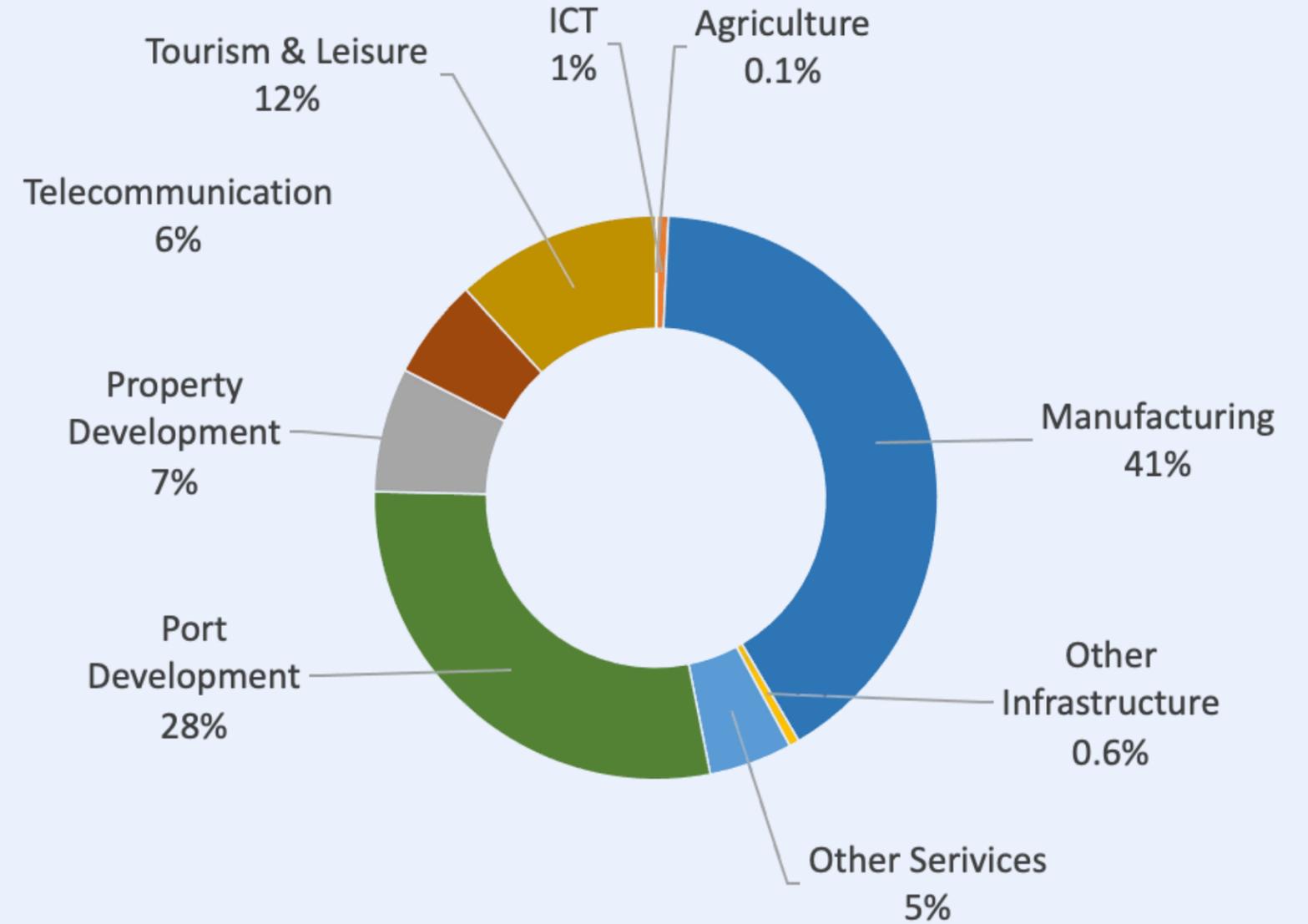


# FDI- Sector-Wise Breakdown

2014 - 3Q/2025

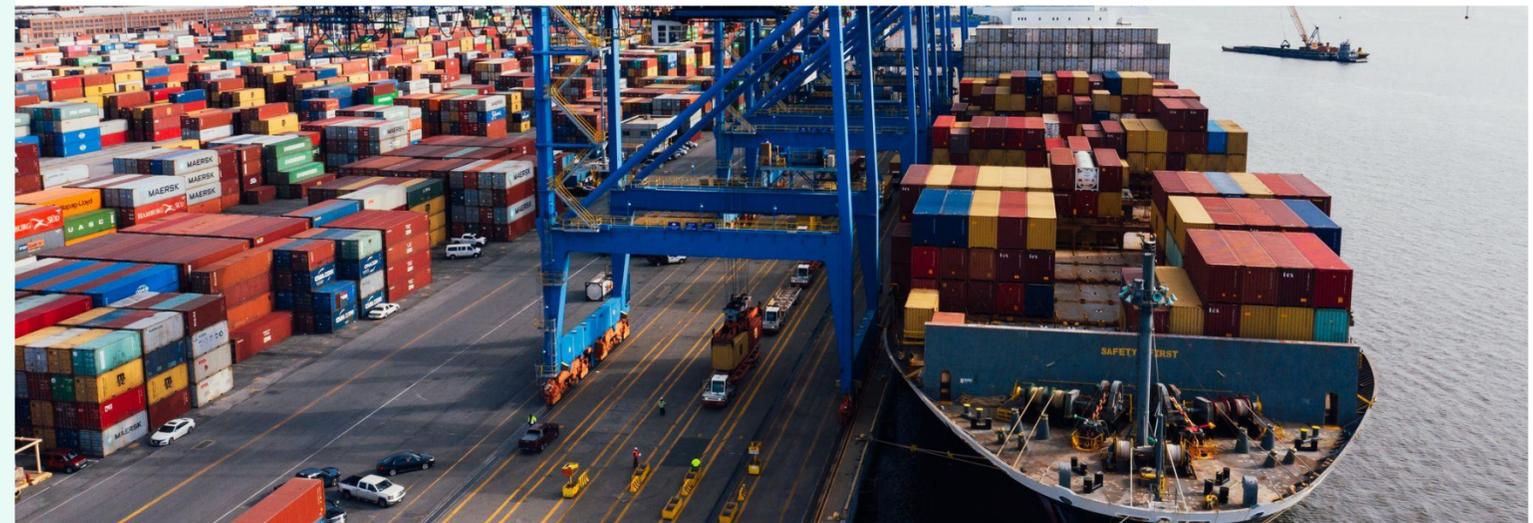


2025 (Jan-Sep)

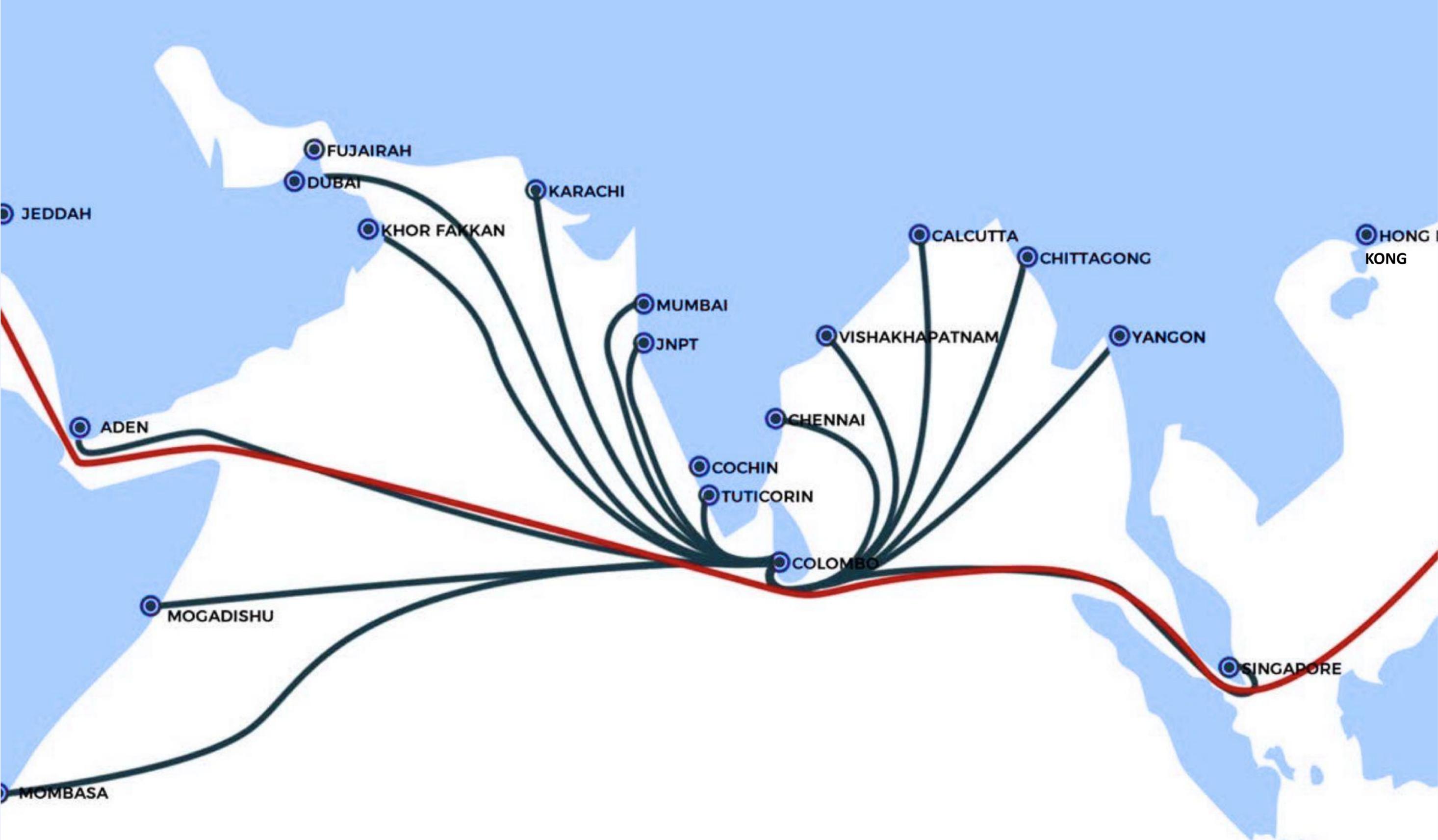




# Sri Lanka's Marine Economy and Logistics Sector



# Sri Lanka's Strategic Location



# Sri Lanka's Marine Economy



- Exclusive Economic Zone (EEZ): 500,000+ km<sup>2</sup> (~8× land area) with 1,600 km shoreline
- Ports as Gateways: Colombo, Hambantota, Galle, Trincomalee, Jaffna-KKS – hubs for trade, tourism, energy, livelihoods

## Current Strategic Initiatives:

- *National Blue Economy Strategy* in place
- Updating *National Port Master Plan*
- **Western Container Terminal II** breakwater design (\$150M earmarked, construction expected by 2027)
- ADB supported *Port Access Elevated Highway* linking Colombo Port to expressways

# North Port BW - 2030

WCT II - 2030

North Port  
Terminals -  
2048

	Potential Capacity – 2023 (million TEU)
JCT	2.5
ECT	0.6
SAGT	2.0
CICT	3.4
<b>TOTAL</b>	<b>8.5</b>

IENJO WCT I - 2024-2026

ECT -  
2023-2026

CICT

JCT III, IV & V  
Extension - 2023 -  
2025

**35M**



# Port Logistics Sector

To address the issues related to the logistics sector, the following measures are underway.

- Liberalize intra-terminal container transport & optimize terminal yards
- World Bank study to create logistics centres within Colombo Port
- Rs. 500M allocated for land acquisition & prep: Kerawalapitiya Customs Yard & Bloemendhal Logistics Park



# Increased Efficiency in Port Logistics Sector

- Rs. 500M allocated to establish an Internal Container Dry Port (ICD) at Veyangoda – rail-based IMCLC (Integrated Multimodal Cargo and Logistics Center)
- Digitalization & automation: Port Community System, Truck Appointment, E-Cargo Tracking
- Rs. 1bn for advanced scanning systems at Colombo Port & BIA to improve cargo movement.
- Digitalization and Automation of Port Operations and Implementation of the Port Community System to enhance operational efficiency, reduce clearance times.

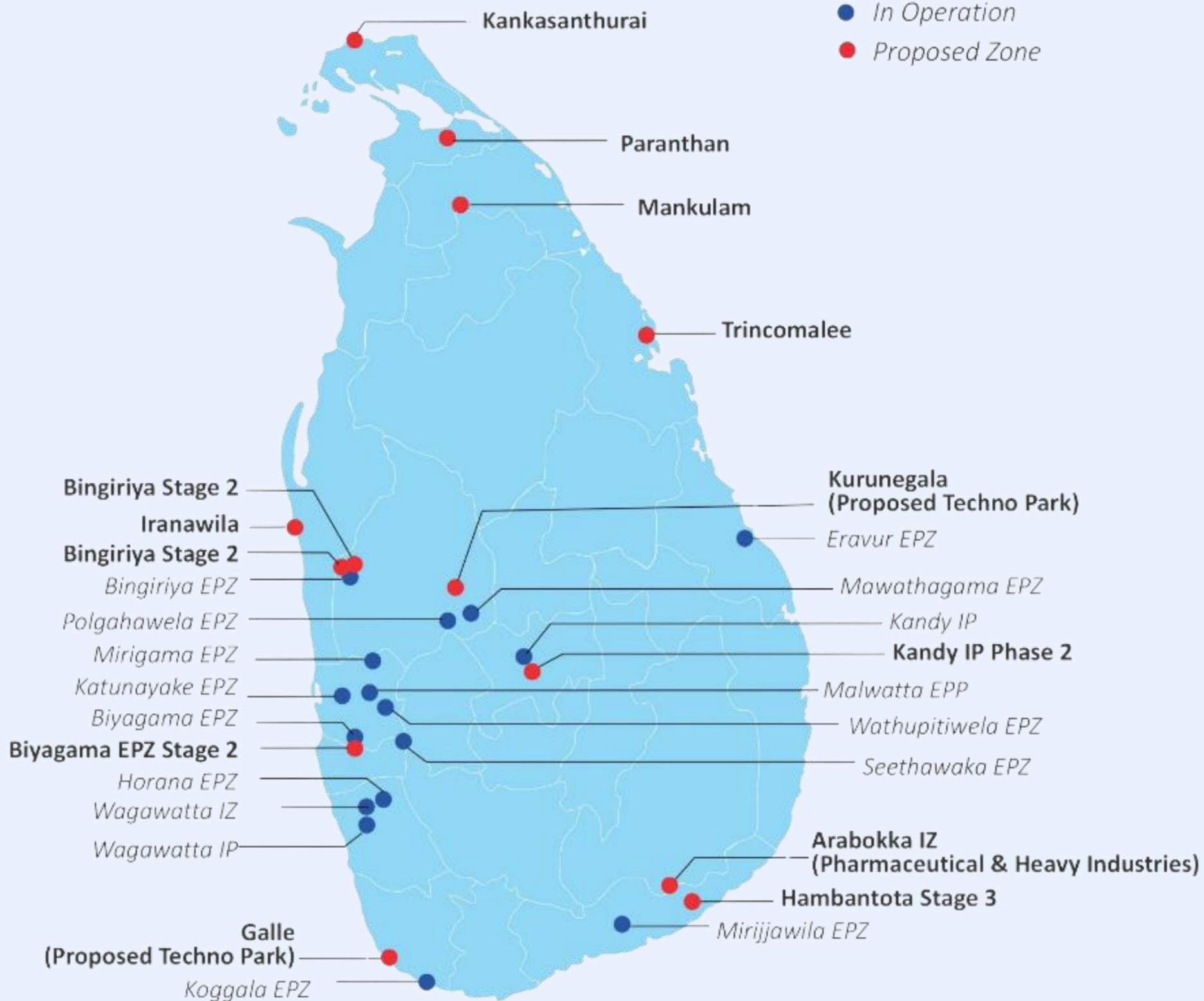
# Port Development

Project Name	Estimated Size of the Investment (US\$ Mn)	Estimated Size of the Foreign Investment (US\$ Mn)	Expected Year of PI Commencement	Expected Year of PI Completion
Bloemendhal logistics center	50	50	2026	2029
Colombo Port West Container Terminal II - Terminal	750	383	2027	2029
Colombo Port West Container Terminal II - Logistics area	1500	1500	2028	2029
Logistics center in the area between CICT & CWIT	300	300	2027	2028
<b>Total</b>	<b>2600</b>	<b>2233</b>		

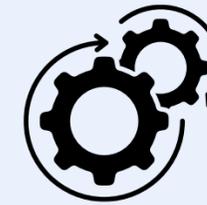
# Logistics Sector Contd

- Upgrading railways as a logistics enabler
- Develop airports: Hingurakgoda, Sigiriya, Trincomalee; expand Jaffna & BIA
- Construct expressways & key roads: Central Expressway Phases I & III, Kurunegala – Dambulla Expressway (Proposed), Ruwanpura Expressway (25 km section)
- Expand export-oriented & sector-specific zones, eco-industrial parks via PPPs
- Lease under-utilized state land for productive economic activities

# BOI Export Processing Zones



# BOI Zones



**In Operation - 17**



**Proposed Zones - 5**



**Techno Parks - 2**



# Marine Industry

- **Shipbuilding & Repair: 50+ companies, 76 active boatyards, skilled workforce**
- **Marine Tourism: Cruise calls at Hambantota (17 European ships in 2024), yacht marinas, eco-tourism ventures**
- **Emerging Sectors: Marine biotech – untapped potential in the blue economy**

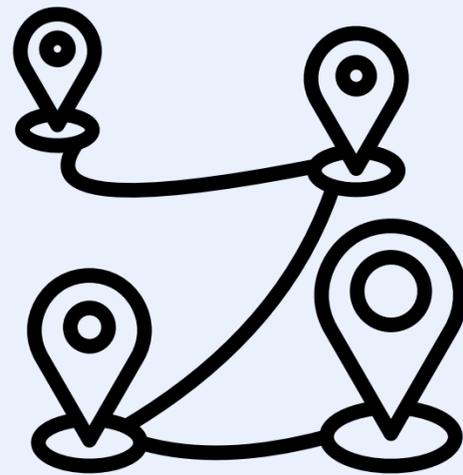




# Manufacturing and Export Competitiveness Reforms



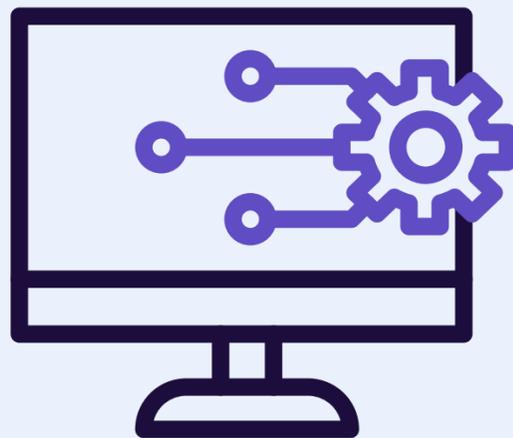
# Manufacturing and Export Competitiveness Reforms



- **Expand FTAs:** Review existing trade agreements and negotiate new ones.
- **Strengthen Regional Links:** Deepen ties with ASEAN through Regional Comprehensive Economic Partnership (RCEP) and related frameworks.
- **Broaden DTA Network:** Extend beyond 44 countries, targeting key trade partners.

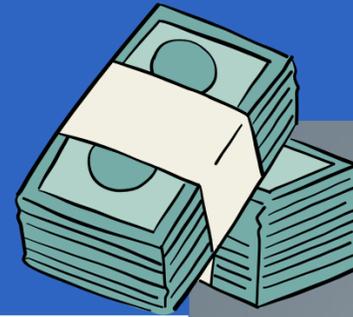


# Manufacturing and Export Competitiveness Reforms Contd.



- **New Tariff Policy: Gradually reduce para-tariffs (PAL, CESS) to improve competitiveness.**
- **Modernize Customs: Introduce new Customs Law for efficiency and revenue growth.**
- **Digital Facilitation: Automate border agencies and exporter registration via the Trade National Single Window (TNSW).**

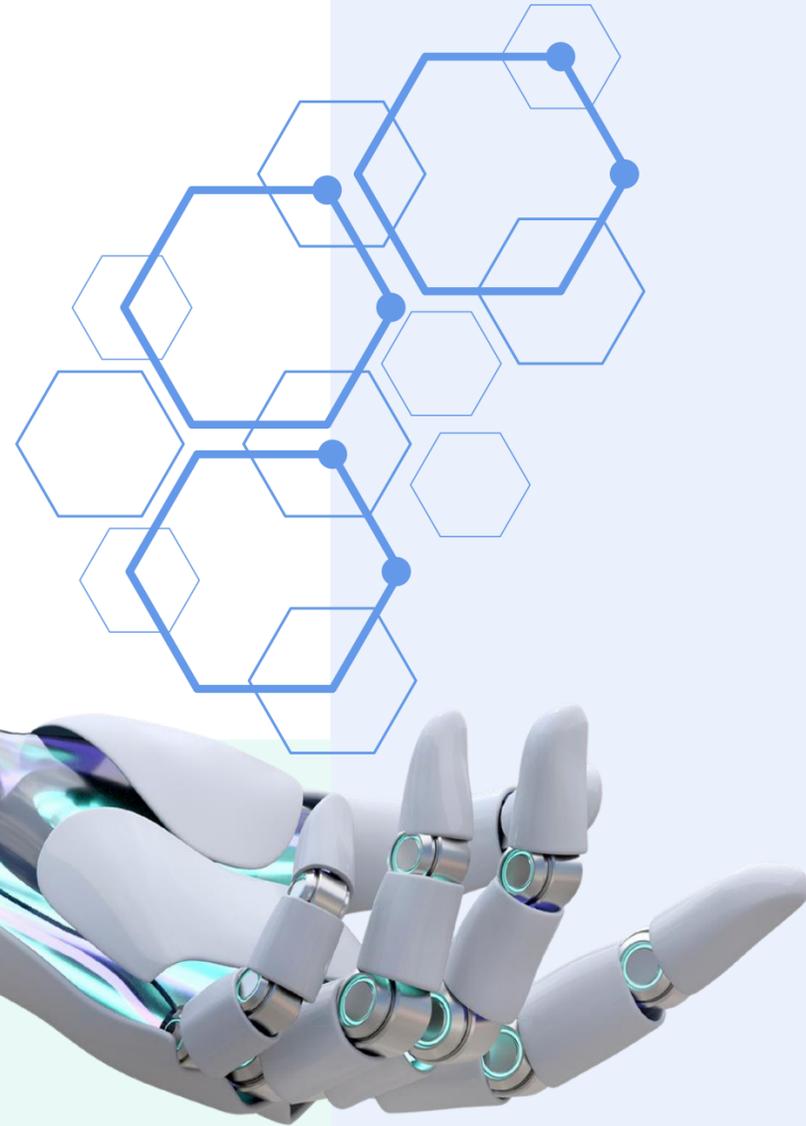




# Key Priority Sectors for Investment



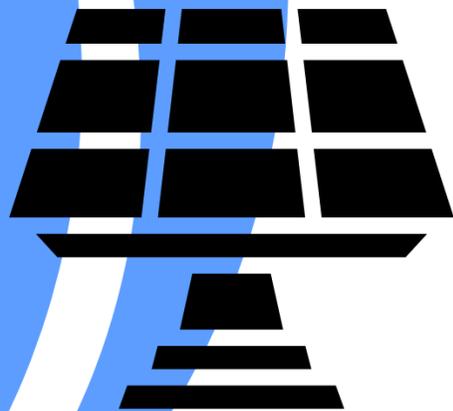
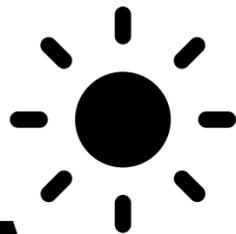
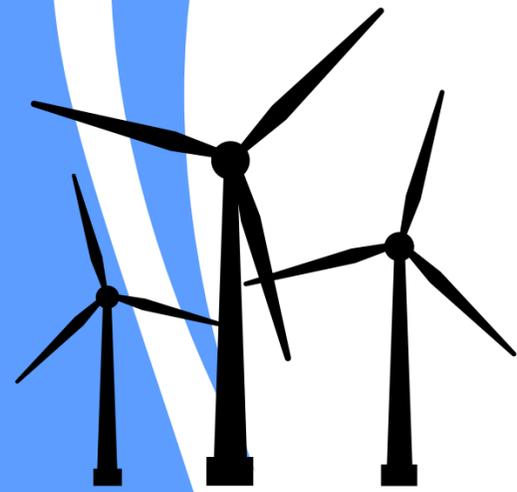
# Technology Sector as a Thrust Industry



- **Establishment of a Virtual Economic Zone to attract investment and innovation.**
- **Capital Mobility for Startups**
- **Investments in the Digital Economy**
- **Technology Parks**
- **Data Centers**



# Renewable Energy



- **Solar & Wind**
- **Battery Storage**
- **Hydrogen and Green Ammonia**



# CEB Projects Tendered- 2025

- **50mw 2 Wind Power Projects**
- **50MW Solar Project in Sampur**
- **160 MW / 640 MWh Standalone Battery Energy Storage System from 16 10 MW / 40 MWh AC Capacity Projects**
- **Power System Strengthening and Renewable Energy Integration Project: Package 5A**
- **Augmentation of Kolonnawa Grid Substation for the Grid-Scale Battery Energy Storage System (BESS) of 100 MW / 100 MWh on a Turnkey Basis**

# Roll-Out of Projects- Ceylon Electricity Board

Project Name	Estimated Size of the Investment (US\$ Mn)	Estimated Size of the Foreign Investment (US\$ Mn)	Expected Realization 2026-2030 (US\$ MN)	Expected Year of PI Commencement	Expected Year of PI Completion
Battery Energy Storage Solution Project 100MW/400MWh	70	70	70	2026	2028
Battery Energy Storage Solution Project 100MW/400MWh	70	70	49	2029	2031
Battery Energy Storage Solution Project 200MW/400MWh	140	140	42	2030	2032
Pumped Storage Power Project (PSP) 600MW	700	700	560	2028	2034
Natural Gas Fired Internal Combustion (IC) Engine Power Plant 200MW	750	750	750	2026	2028
Natural Gas fired aero derivative Gas Turbines 130MW	150	150	150	2028	2030
<b>Total</b>	<b>1880</b>	<b>1880</b>	<b>1621</b>		



# Mineral Sector

- **The government is looking forward to seeking foreign direct investments to optimize the utilisation of Sri Lanka's untapped potential in investment, industrial development, and value-added exports of mineral resources.**
- **Mineral Policy in the making**
- **14 project proposals worth USD 1bn in hand**

# Pharmaceutical Sector

**\$600 Mn** Domestic Market and projected  
**1 Bn** Market Growth by 2029

Untapped Market with Import  
Substitution Potential

Strategic Location & Global Connectivity

Cost-Effective Skilled Workforce with  
**4,000+ science graduates annually** and  
the lowest labor cost in the region

Highly versatile & skilled workforce,  
ideal for R&D, precision and complex  
manufacturing processes

Opportunity for Manufacturers, R&D,  
Active Pharmaceutical Ingredients &  
Formulation

Robust Regulatory and IP Framework  
Compliant with WTO TRIPS, PCT, Berne &  
Paris Conventions

Dedicated Zone for pharmaceutical at  
**Arubokka, Hambanthota**



# Pharmaceutical Sector Contd.

## Duty-Free Market Access

Country	MFN Duty Rate	Duty Rate for SL	Scheme
	7.5% - 10%	0%	ISLFTA
	5% - 30%	0% (within 5-9 yrs)	SLTFTA
	0%	0%	General

## Key Players

Na  esta

Morison 

 synergy  
Pharmaceuticals Corporation



**KELUN**  
LIFESCIENCES

  
Celogen





# Measures to Improve the Investment Climate Contd.

## Investor Facilitation

- Introduce a residence visa scheme for foreign investors meeting minimum investment thresholds
- Implement a one-stop-shop approvals & digital Single Window system for BOI projects

## Ease of Doing Business Improvements

- Key focus areas: property registration, tax payments, trade facilitation, contract enforcement, and access to credit
- Digitisation of public services to streamline processes

## Land & Resource Management

- Develop a centralized digital land information system
- Establish a legal framework for efficient land allocation, valuation, and access for investors



# Measures to Improve the Investment Climate Contd.

## Overseas Investment Facilitation

- Review and rationalise barriers for local firms investing abroad
- Establish safeguards to track repatriation of earnings/dividends

## Public Sector Governance

- Establish a government holding company for state-owned enterprises
- Improve accountability, transparency, and investor confidence in public assets

An aerial view of a city skyline, likely New York City, with a blue overlay. The image features a grid of dashed lines and a candlestick chart with a line graph at the top. The text "THANK YOU" is centered in white, bold, sans-serif font.

**THANK  
YOU**