

SRI LANKA'S EVOLVING INVESTMENT CLIMATE AND CONTEXT

December 2025





An Emerging Fertile Eco-System

Sector-Wise FDI

Marine Economy and Logistics Sector

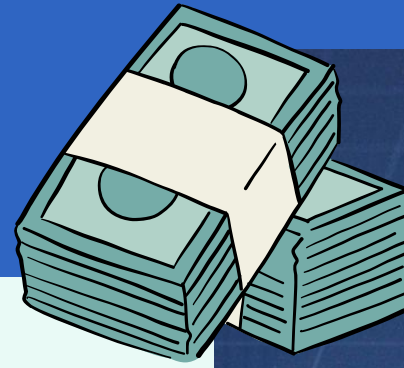
- Sri Lanka's Strategic Location
- Sri Lanka's Marine Economy
- Port Logistics Sector
- Port Development
- BOI Zones
- Marine Industry

Manufacturing and Export Competitiveness Reforms

Key Priority Sectors for Investment

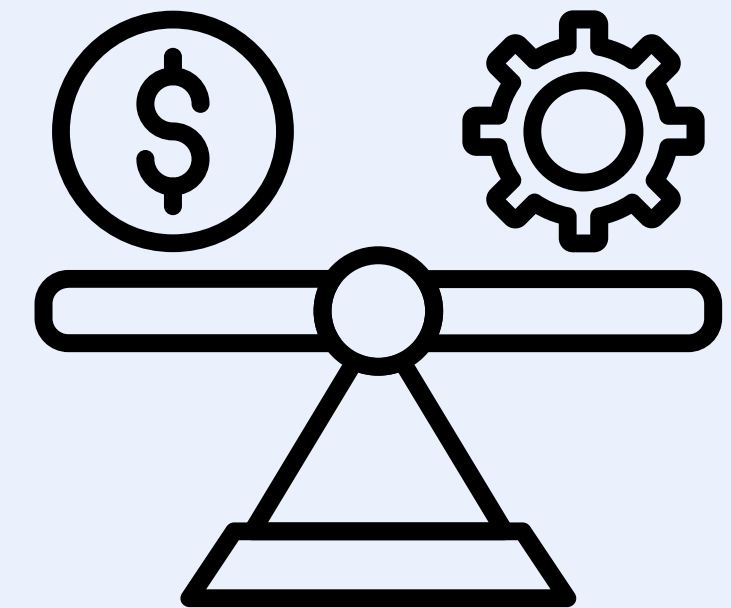
Measures to Improve the Investment Climate

An Emerging Fertile Eco System



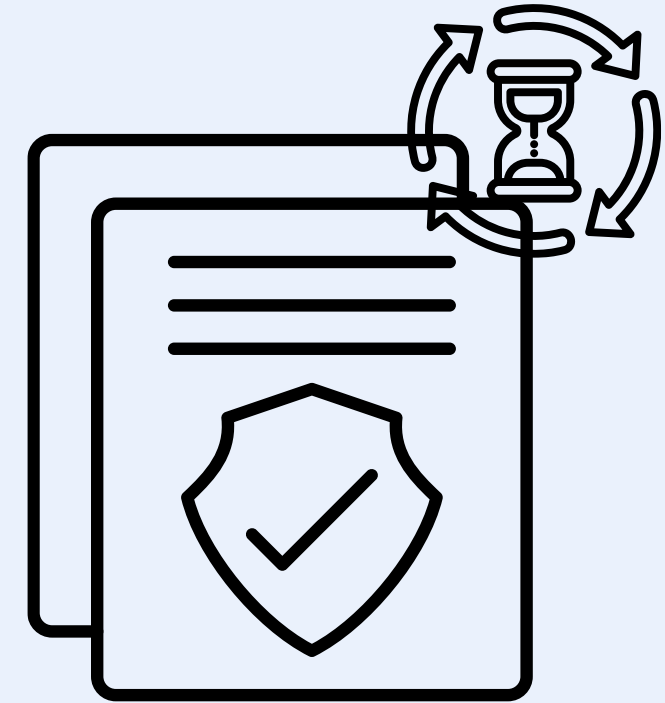
A Stable Macro-Economic & Political Environment

- **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**

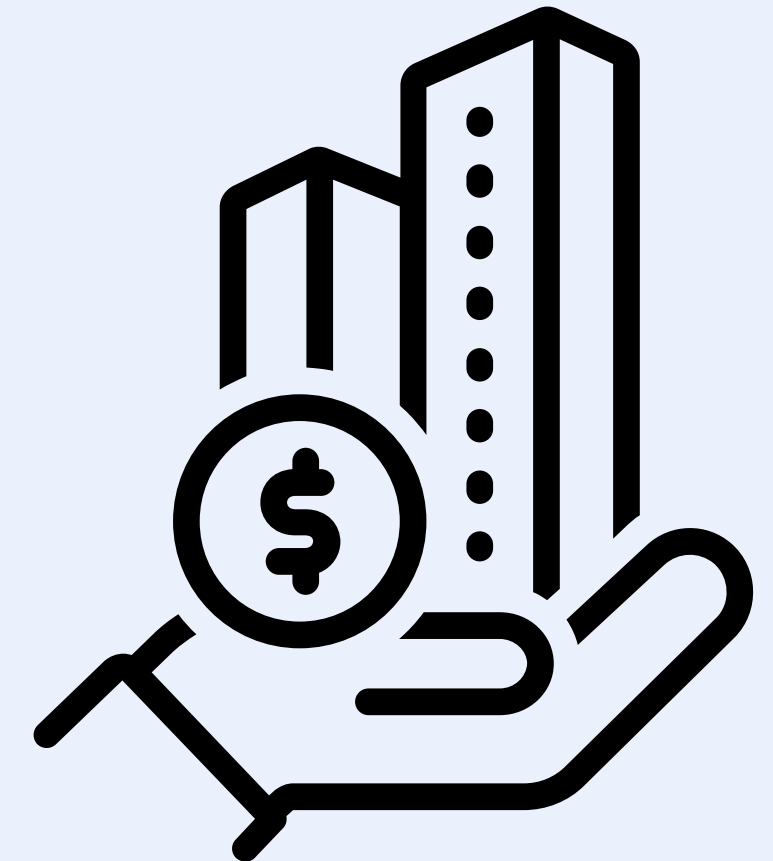


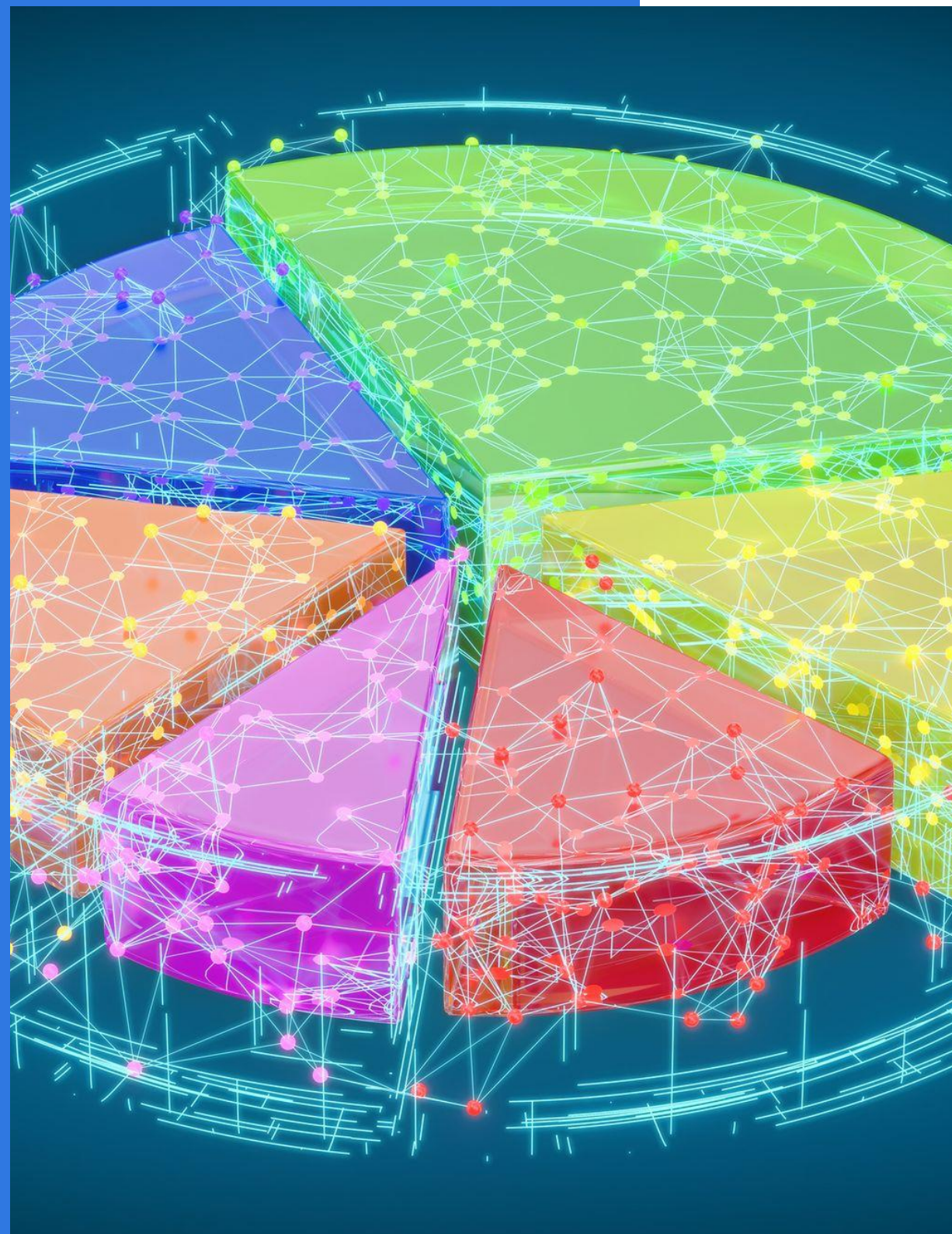
A Yielding Investment Climate

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

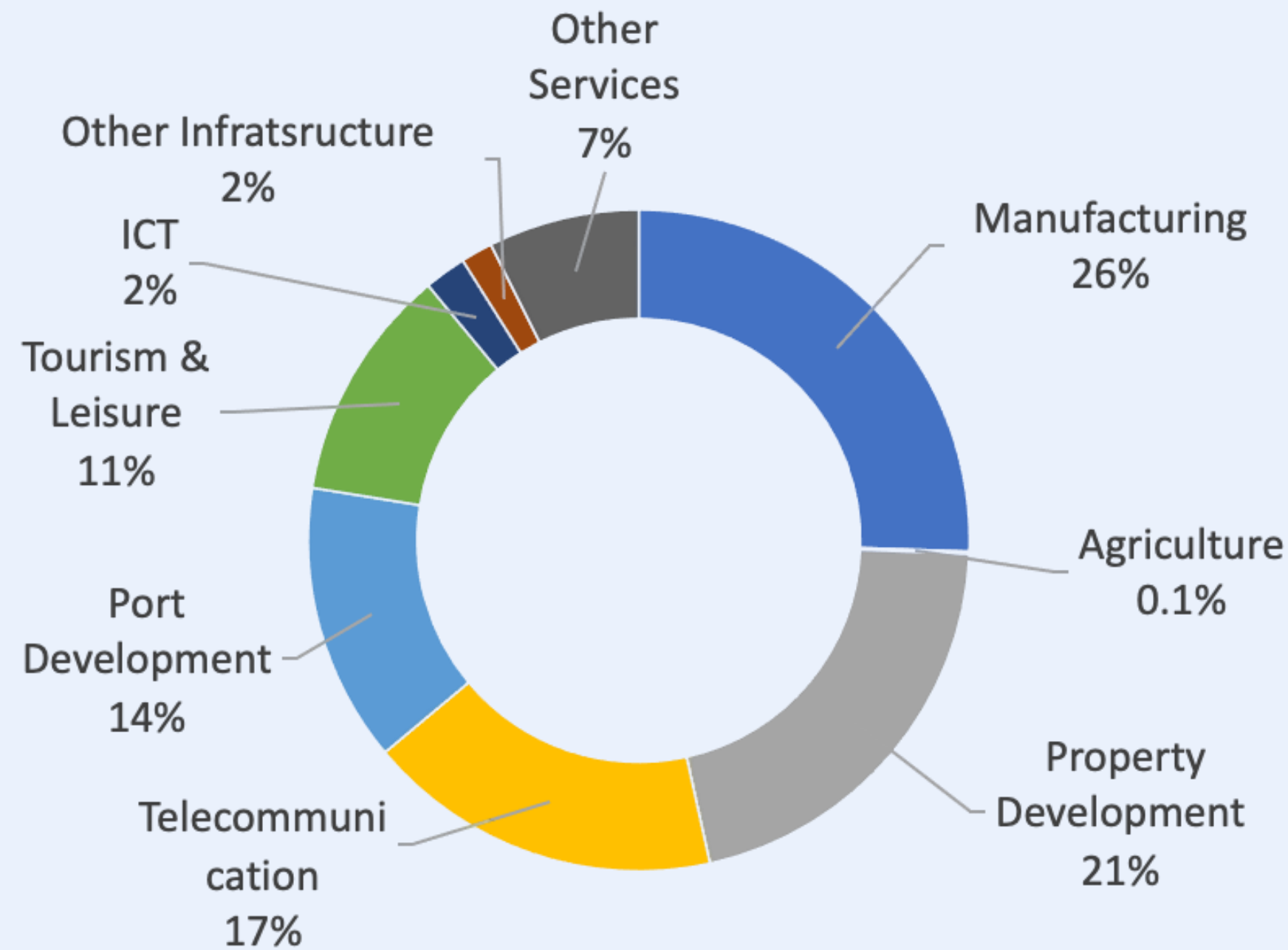




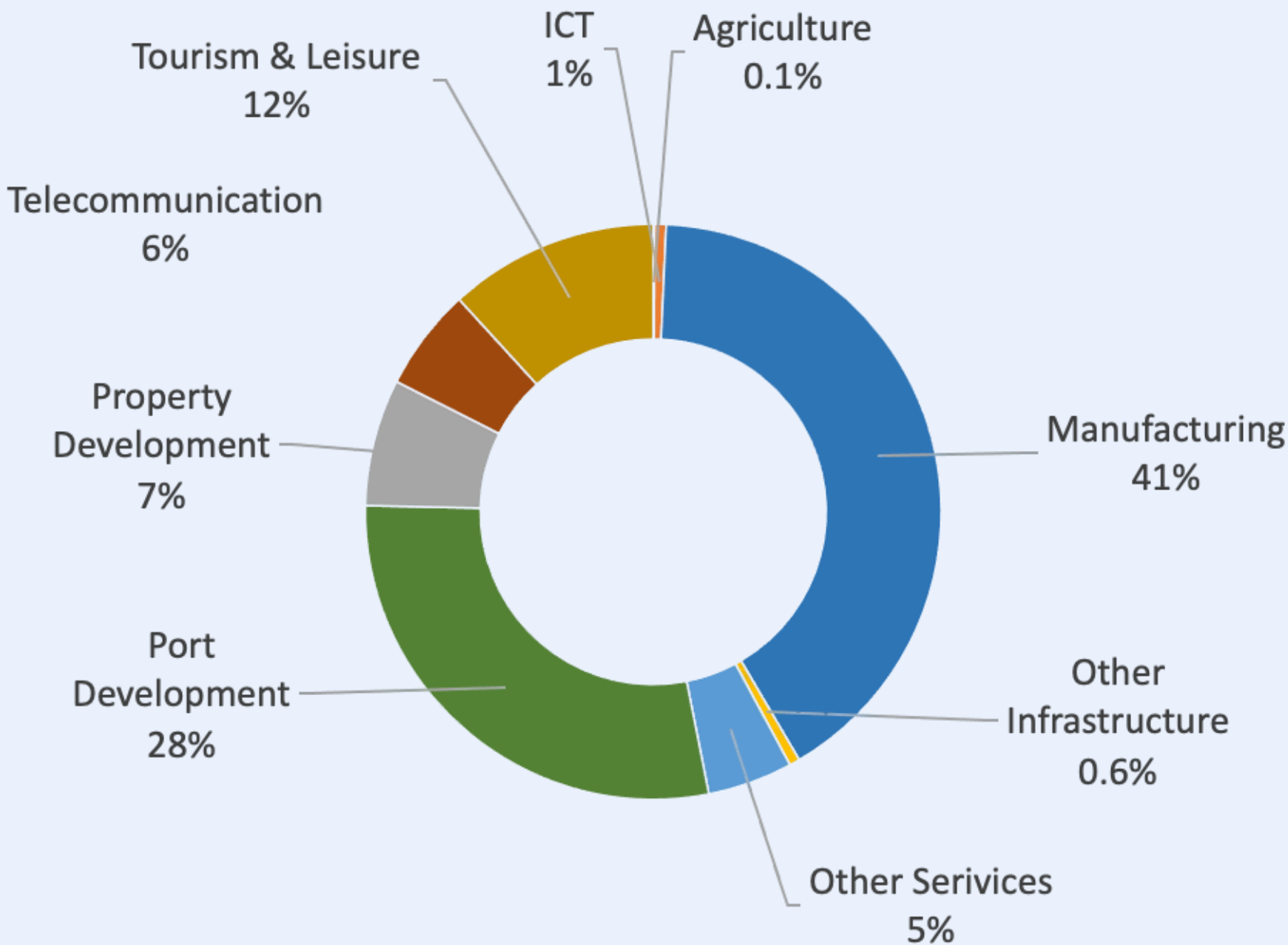
Sector-Wise FDI

FDI- Sector-Wise Breakdown

2014 - 3Q/2025

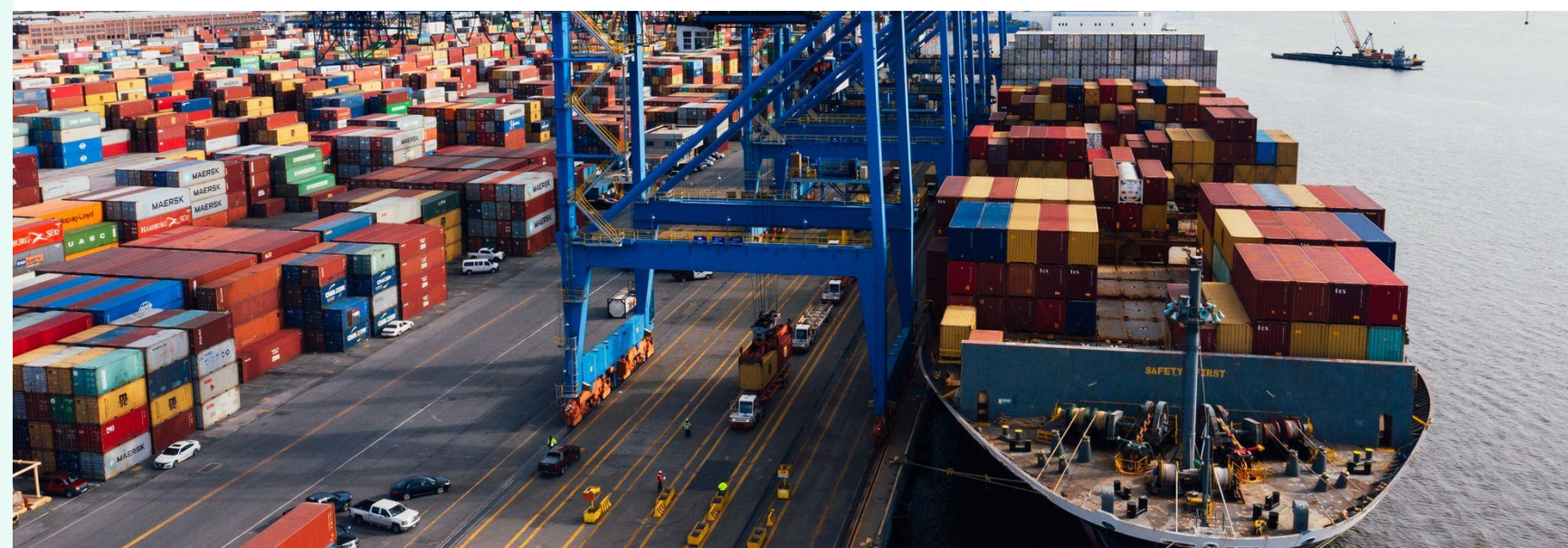


2025 (Jan-Sep)

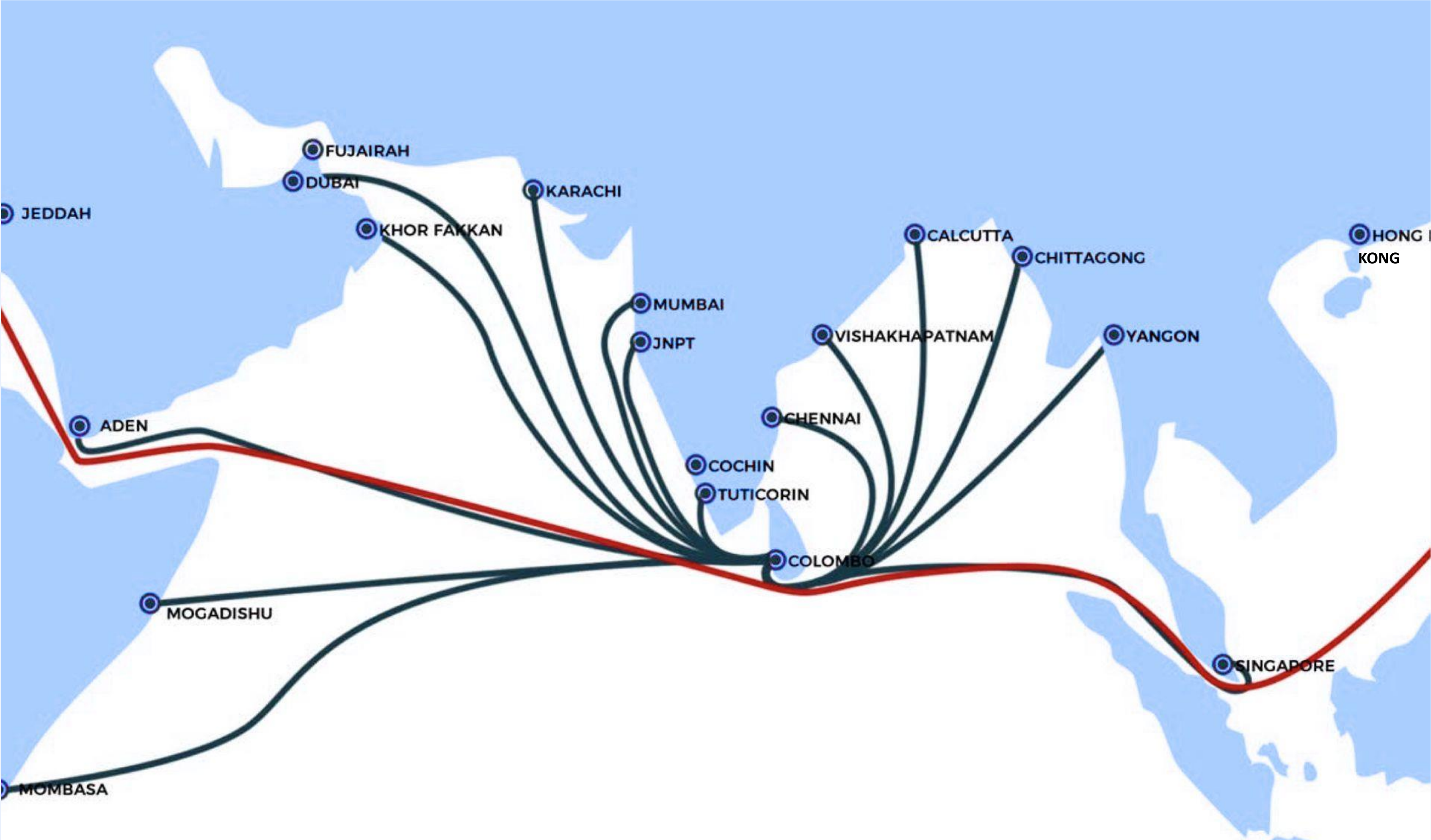




Sri Lanka's Marine Economy and Logistics Sector



Sri Lanka' Strategic Location



Sri Lanka's Marine Economy



- Exclusive Economic Zone (EEZ): 500,000+ km² (~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
TOTAL	8.5

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.

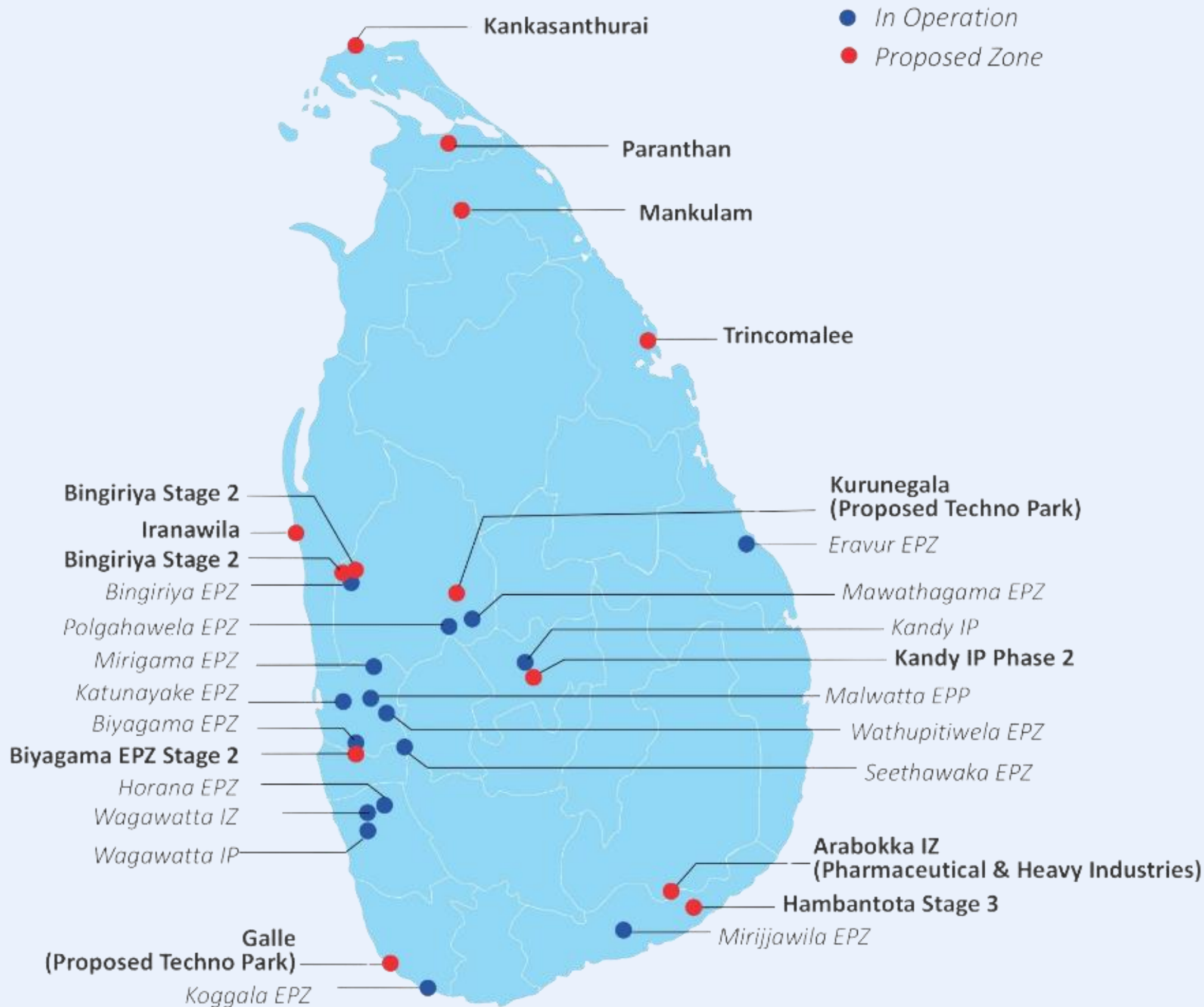
Port Development

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
Total	2600	2233		

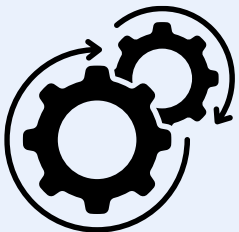
Logistics Sector Contd

- 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



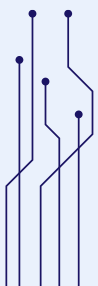
BOI Zones



In Operation - 17



Proposed Zones - 5



Techno Parks -2

Marine Industry



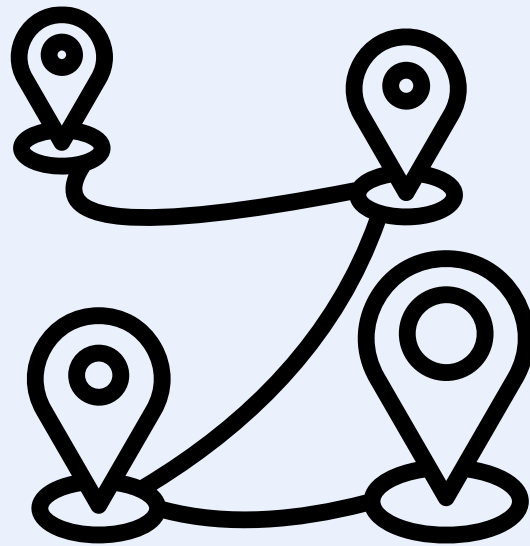
- **Shipbuilding & Repair: 50+ companies, 76 active boatyards, skilled workforce**
- **Marine Tourism: Cruise calls at Hambantota (17 European ships in 2024), yacht marinas, eco-tourism ventures**
- **Emerging Sectors: Marine biotech – untapped potential in the blue economy**





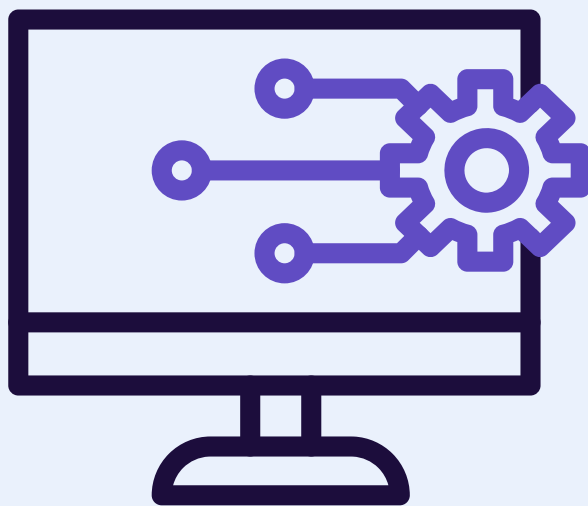
Manufacturing and Export Competitiveness Reforms

Manufacturing and Export Competitiveness Reforms



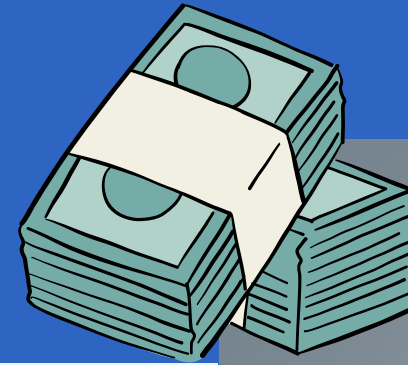
- **Expand FTAs:** Review existing trade agreements and negotiate new ones.
- **Strengthen Regional Links:** Deepen ties with ASEAN through Regional Comprehensive Economic Partnership (RCEP) and related frameworks.
- **Broaden DTA Network:** Extend beyond 44 countries, targeting key trade partners.

Manufacturing and Export Competitiveness Reforms Contd.

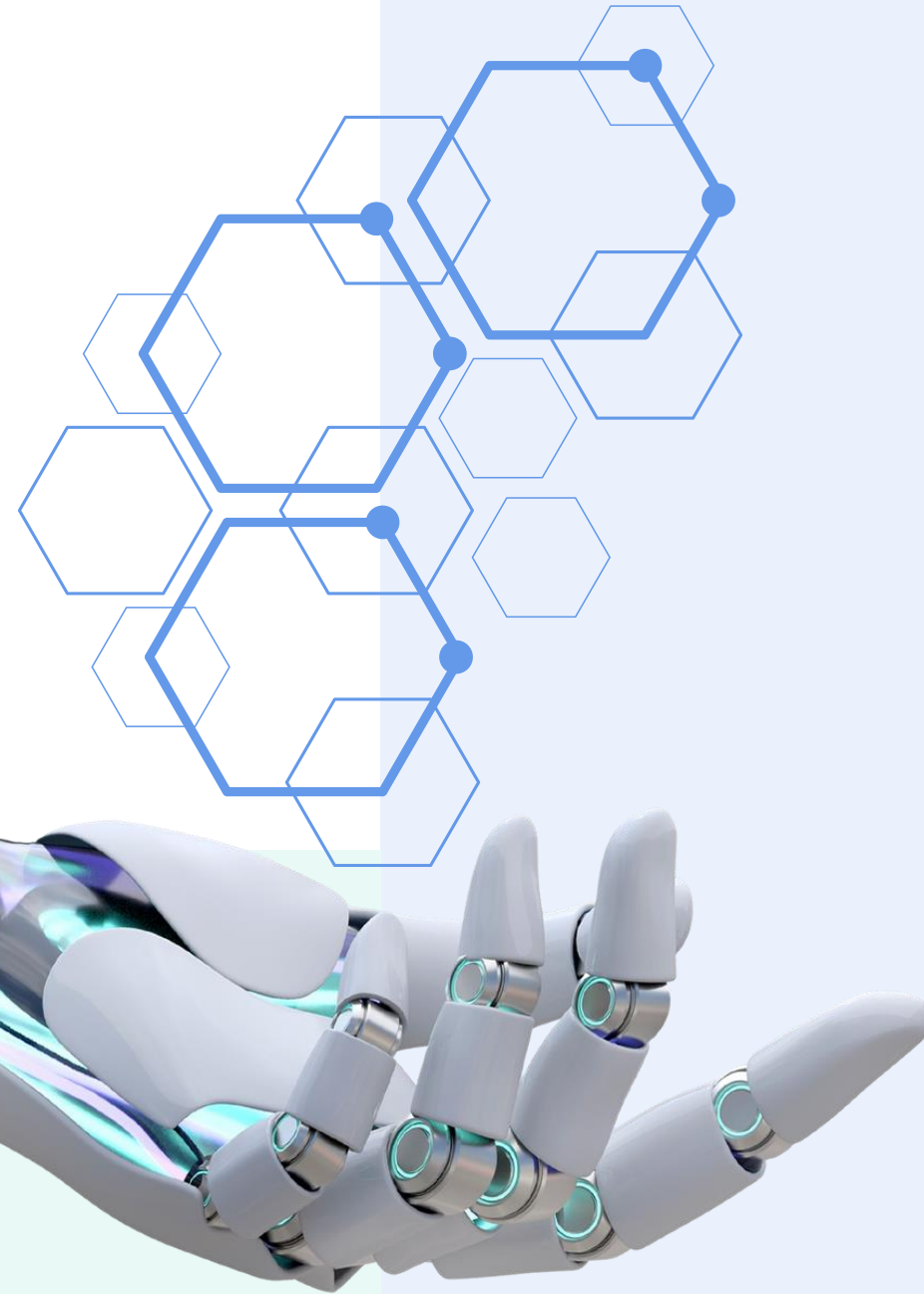


- **New Tariff Policy:** Gradually reduce para-tariffs (PAL, CESS) to improve competitiveness.
- **Modernize Customs:** Introduce new Customs Law for efficiency and revenue growth.
- **Digital Facilitation:** Automate border agencies and exporter registration via the Trade National Single Window (TNSW).

Key Priority Sectors for Investment



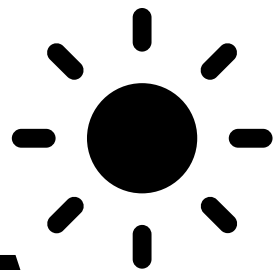
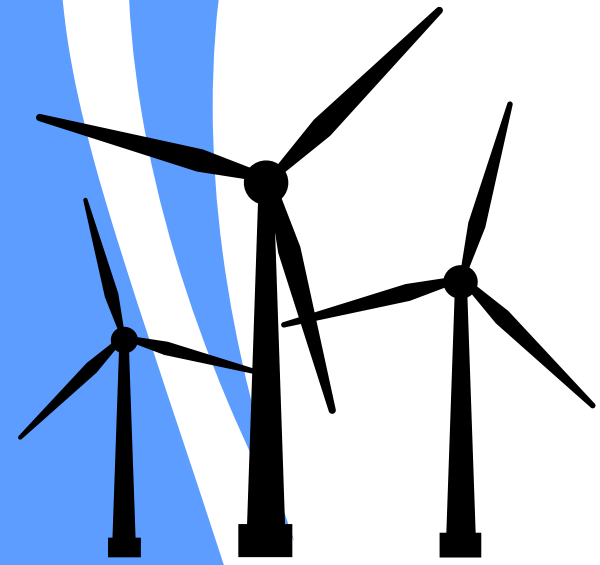
Technology Sector as a Thrust Industry



- **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 (PSPP) 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
Total	1880	1880	1621		



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



KELUN
LIFESCIENCES



A graphic featuring three large, upward-pointing arrows composed of 3D block letters. The leftmost arrow is red, the middle one is blue, and the rightmost one is yellow. Each arrow is constructed from various business-related terms such as 'SALES', 'GROWTH', 'BUSINESS', 'PROFIT', 'STRATEGY', 'SUCCESS', 'PLAN', 'TACTICS', 'SYNERGY', 'DECISION', 'MANAGEMENT', 'INNOVATION', 'VALUE', 'ORGANIZATION', 'CREATIVITY', 'SOLUTION', 'SALESPLAN', 'BUSINESSPLAN', 'GROWTHPLAN', 'PROFITPLAN', 'SYNERGYPLAN', 'DECISIONPLAN', 'MANAGEMENTPLAN', 'INNOVATIONPLAN', 'VALUEPLAN', 'ORGANIZATIONPLAN', 'CREATIVITYPLAN', 'SOLUTIONPLAN', 'SALESPLAN', 'BUSINESSPLAN', 'GROWTHPLAN', 'PROFITPLAN', 'SYNERGYPLAN', 'DECISIONPLAN', 'MANAGEMENTPLAN', 'INNOVATIONPLAN', 'VALUEPLAN', 'ORGANIZATIONPLAN', 'CREATIVITYPLAN', 'SOLUTIONPLAN'. The arrows are set against a white background with a light blue horizontal band across the middle. A small blue square with a white play button icon is located in the bottom left corner.

Legislation & Legal Frameworks

- 



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 photograph of a city skyline, likely San Francisco, featuring prominent skyscrapers like the Transamerica Pyramid and the Salesforce Tower. The city is situated along a waterfront with a bay and a bridge visible in the background. Overlaid on the top half of the image is a semi-transparent blue grid. Within this grid, there are several financial data visualizations: a candlestick chart on the left, a line graph with a green upward-trending curve in the center, and a bar chart on the right. The text "THANK YOU" is centered in the middle of the image in a large, white, sans-serif font.

THANK
YOU