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INVEST

FOREIGN DIRECT INVESTMENT

FDI inflows to Sri Lanka have increased steadily in recent years driven by the end of the civil conflict and economic recovery. According to UNCTAD's [2022 World Investment Report](#), following a contraction in 2020 mainly due to the global economic and health crisis triggered by the Covid-19 pandemic but also the terrorist attacks carried out during Easter 2019, which hampered foreign investor confidence and the tourism sector, FDI inflows returned to growth in 2021, when they reached USD 598 million (+37.7% year on year). Nevertheless, this figure was still much lower compared to the three-year average recorded before the pandemic (USD 1.24 billion in 2017-19). The total stock of FDI stood at USD 17.89 billion in 2021, representing around 21.7% of the country's GDP. In 2022, Sri Lanka has defaulted on its debt for the first time in its history, a factor which is expected to harm Sri Lanka's attractiveness in terms of FDI. Between 2010 and 2019, according to the Board of Investment of Sri Lanka, the top ten investing countries in Sri Lanka were China, Hong Kong, India, the UK, Malaysia, the Netherlands, Singapore, the United Arab Emirates, Mauritius and the U.S. China has invested ever-increasing sums into the country, notably through the Exim Bank of China. Current projects will reach USD 6 billion and include creating a free zone, a project for a ship handling centre and the construction of an airport. In sectoral terms, manufacturing attracted 23% of FDIs towards the country, ahead of real estate (19%), telecommunications (19%), port container terminals (14% - in 2021, India's biggest private port operator Adani Ports obtained a letter of intent from Sri Lankan authorities to build and operate the West Container Terminal of Colombo Port for 35 years, with the project cost being estimated at around USD 750 million), and hotels and restaurants (11%).

The island's strategic location off the southern coast of India along the main east-west Indian Ocean shipping lanes gives Sri Lanka a regional logistical advantage. In 2021, the Colombo Port City Special Economic Zone (SEZ) and the Colombo Port City Economic Commission (CPCEC) were established. CPCEC is the one-stop-shop (Single Window Investment Facilitator) that registers and issues licences, authorisations and approvals to engage in business within, and invest in, the SEZ. CPCEC is encouraging and promoting global and regional investments in international trade, shipping, logistics operations, offshore banking and finance, IT and business process outsourcing, the establishment of corporate headquarters, regional distribution operations and tourism (Lexicology). Among the reasons to invest in Sri Lanka, there are the measures taken by the government to attract FDI (the creation of free zones, reduction of food subsidies and other consumer goods), the country's geographically strategic location near two high-growth regions (India and Southeast Asia), and its tourist potential (which is yet to be fully developed). However, Sri Lanka needs to address transportation shortfalls, which have seen inequitable development in some regions, increasing issues of congestion, and safety for women. Different areas face transportation gaps in roads, air travel, and marine transportation infrastructure while rail infrastructure is outdated and limited, especially for the transport of goods. Moreover, investment in several sectors of the economy remains restricted, and state-owned enterprises distort the economy. Additionally, political uncertainty may undermine investment and overall investor confidence, same as for the country's current economic situation in light of the country's debt default in 2022). While the country generally has adequate laws and regulations to combat corruption, enforcement is weak, inconsistent, and selective. As a result, the country ranks 101st out of 180 in the Transparency International's latest [Corruption Perception Index](#). According to the [2023 Index of Economic Freedom](#), Sri Lanka's score remains below the world and regional averages, and is classified 136th out of 176 countries.

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	434	592	898
FDI Stock <i>(million USD)</i>	13,655	16,384	13,877
Number of Greenfield Investments*	16	14	18
Value of Greenfield Investments (million USD)	917	451	151

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Sri Lanka	South Asia	United States	Germany
Index of Transaction Transparency*	8.0	5.8	7.0	5.0
Index of Manager's Responsibility**	5.0	5.0	9.0	5.0
Index of Shareholders' Power***	7.0	7.4	9.0	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

INVESTMENT OPPORTUNITIES

Tenders, Projects and Public Procurement

[PROMiSe \(Electronic Government Procurement System of Sri Lanka\)](#), Tenders in Sri Lanka

[eTenders](#), Tenders in Sri Lanka

[Tender Notices](#), Tenders in Sri Lanka

[Tenders.lk](#), Tenders in Sri Lanka

[Tenders Info Sri Lanka](#), Tenders in Sri Lanka

[DgMarket](#), Tenders worldwide

Finding Assistance For Further Information

Investment Aid Agency

[Board of Investment of Sri Lanka \(BOI\)](#)