



**Belgolux Sri Lanka Business Council**  
vzw/asbl

# Newsletter

## Word of the New Ambassador

HE Ambassador of Sri Lanka, P.M. Amza

### ” Why Sri Lanka ? ”

by M. R.D.S Kumararatne Commercial & Economic Affairs Minister at the Embassy of Sri Lanka in Brussels

## Member in the picture

Camoplast Solideal

## News

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**The new ambassador of Sri Lanka, P.M.Amza, presented his Letter of Credence to His Majesty King Albert II of Belgium on the 3rd of October 2012**



## **LETTER OF THE AMBASSADOR**

At the outset, let me extend my congratulations to the management of team of the Belgolux-Sri Lanka Business Council (BLSBC) for their successful performance since the re-launch of the council in 2009. As the newly appointed Ambassador of Sri Lanka to Belgium, Luxemburg and the European Union, and Patron/Advisor to the Council, I look forward to closer dialogue on further strengthening its activities and relations with Sri Lanka.

Sri Lanka has been one of the pioneering countries in Asia that introduced liberal Economic policies since 1977. The country's imports have been liberalized; export control measures were eliminated; attractive investment incentives are extended, Foreign exchange regulations are relaxed thereby creating a business friendly environment. These initiatives and consistency in our economic and trade liberalization policies have brought Sri Lanka much closer with the global partners and in particular with the Europe. EU has continued to be our major market. Trade and investment opportunities in the country after the end of terrorism from the country since 2009, have attracted attention of many economic leaders in the world.

Sri Lanka's strategic location as a connecting point of sea and air transport between east and west has been complimentary to the expansion in the trade with the world.





The Free Trade Agreements that Sri Lanka entered into with India (year 2000) and with Pakistan (year 2005) have provided manufacturers and investors in Sri Lanka access to a sub-regional market which consists of over 1.6 billion in population.

Sri Lanka and Belgium has been enjoying a cordial trade relation for many years. This relationship has been instrumental in attracting many Belgian investors to Sri Lanka since 1970's. As far as trade with Belgium is concerned, Belgium has become the 4<sup>th</sup> largest destination of Sri Lanka's exports to the world, while Belgium has been the 16<sup>th</sup> largest supplier to Sri Lanka. The total trade turnover that was recorded at US\$ 501 Mn in 2005 has almost reached to US\$ 1.0 billion in the year 2011 depicting a growth of 100% during the last 6 year period.

I have noted that with the effective interaction facilitated by my Embassy in Brussels, The BLSBC, the Embassy of Belgium in New Delhi and its Consulate in Colombo, the two countries identified many new potential areas for business.

Belgium and Sri Lanka have concluded an investment protection agreement and an avoidance of double taxation in 1982 and 1983 respectively. The avoidance of double taxation agreement with Luxemburg will also come into effect soon.

I am happy to note that leading Belgium companies that engaged in business operations in Sri Lanka have become members of the council. Sri Lanka is progressing towards becoming Asia's business hub. I am confident that the BLSBC and its members could play a major role in this direction bringing Belgium as a significant trade and investment partner of Sri Lanka.

P.M. Amza, Ambassador of Sri Lanka

08.10.2012.





At the **AWAX** presentation of the economic mission to India and Sri Lanka, **R.D.S. Kumararatne**, Minister (Commercial & Economic Affairs, Embassy of Sri Lanka, The Embassy of Sri Lanka to Belgium, Luxembourg and the European Union.) presented Sri Lanka as the country suited to do business with in the coming years.

## Why Sri Lanka?

### Business Environment

- No restrictions on the Repatriation of Earnings
- Total Foreign Ownership
- Safety of Foreign Investments Guaranteed by the Constitution
- Strong Intellectual Property laws in line with WIPO regulations
- National Treatment is guaranteed
- Signatory to the Multilateral Investment Guarantee Agency (MIGA) of the World Bank.
- Investment Protection Agreement and Double Taxation Relief Agreement with over 25 countries, including Belgium.

### Factor Cost

- Labour Force
- Ease of Doing Business Ranking
- Logistical Advantages
- Continuous Power Supply
- Best Telecom Industry in South Asia
- Incentives
- Human Development Index
- One National Institution for Foreign Investment

### Labor Force

- 49.8. % of the population - Men 67.8%, Women 33.4%
- Reputed for its precision, quality and productivity
- Skilled and semi skilled workers at competitive wage rates
- Renowned for high caliber professional skills
- World class reputation in the production of high end garments and lingerie markets





### World Port ranking

- No. 1 in South Asia
- Total container throughput 4 Mn. TEUs
- Transshipment cargo 70%
- 33 major shipping lines
- 14 feeder services
- Capacity to be increased - 12 million TEUs
- 12 new berths
- Will be the deepest port in the region
- New port being constructed in South Eastern

### Telecommunications

- Most advanced Telecommunication Industry in South Asia
- Sri Lanka is being developed as regional hub for telecommunications
- Fastest growth sector driven by public private partnership
- Development of faster and more efficient technologies
- Fiber Optic Cables with
- **SEA-ME-WE III**
- **SEA-ME-WE IV**
- (Connectivity Bandwidth - 1.32 terabits per second)

### Telecommunication technologies

- GSM (Global System for Mobile communication)
- 3.75G and 4G services
- HSPA (High Speed Packet Access technology )
- Video conferencing, video streaming, mobile TV, music streaming and high speed internet
- CDMA

### Incentives

- Exemption on Value Added Tax (VAT), Custom Duty, Port & Airport Levy (PAL) and Cess on Imports of all Capital goods and Project related items during the Project Implementation Period
- Exemption from Exchange Control : - For Companies that export goods (Minimum 90% of total output) and  
- For companies receiving earnings in Foreign Currency for export services (Minimum 70%)
- No Withholding Tax on repatriation of Dividends during Tax Holiday Period
- Tax Holidays and waivers from other local taxes and levies ,for Mega Projects





### Quality of Life

- A cosmopolitan living environment
- Abundant recreational facilities
- Unparalleled natural beauty
- Equable climate throughout the year

### One National Institution for Foreign Investment

- The principle Agency for Promoting, Approving, and Facilitating Foreign Direct Investment (FDI)
- Established by an Act of Parliament
- Significant Powers – To Grant Exemption from
  - \* Corporate Tax
  - \* Customs Duty
  - \* Exchange Control
- Operates 12 Export Processing Zones
- Liaise between Investor and Ministries/ Line Agencies/Other Approving Authorities.
- Provides Investor After-Care

### Natural Resources

- Tea, Rubber, Coconut
- Spices
- Mineral sands
- Phosphate
- Fishing grounds
- Gems
- Oil and Gas deposits

### Sri Lanka's Planned Investment Strategy

- **Import Substitution:**
  - Cement (\$ 160 Mn)
  - Pharmaceuticals (\$ 300 Mn)
  - Agriculture (\$ 650 Mn),





- Dairy & Milk Food (\$ 345 Mn)
- Tyres (\$ 60 Mn)
- Textile (\$ 2,300 Mn)
- **Forex earnings and high employment generation:**
  - Tourism & Leisure
  - IT/BPO
  - Branded Garments and Logistics Hubs
  - Value added Tea
  - Rubber
  - Spices
  - Handlooms
  - Mineral Based products
  - Light Engineering
- **Infrastructure:**
  - Commercial Infrastructure (Port terminals, Renewable Energy and Power Generation, Industrial Zones /IT Parks
  - Urban property Development

#### **Other Investment Opportunities**

- Water Supply and Drainage projects  
(PPP Basis)
- Construction
- Oil and Gas Exploration
- Alternate Energy (Windmill/Bio energy)
- Tourism Projects

**Sri Lanka - The Land of Opportunities**

**Do not miss it!**





## Company in the picture

### CAMOPLAST SOLIDEAL

Camoplast Solideal is a Canadian based world leading specialist in the design, manufacturing, and distribution of off-road tires, wheels, rubber tracks and undercarriage systems, to serve the material handling, construction, agriculture, power sports, automotive and defense industries.

With the strength of a global team of more than 8000 dedicated employees, Camoplast Solideal operates advanced R&D centers in Canada, Belgium and Sri Lanka, as well as several manufacturing plants in the U.S.A., Canada, Europe and Asia. Camoplast Solideal distributes products in the replacement market through its reputed worldwide distribution network. As a strategic supplier to leading Original Equipment Manufacturers (OEM), Camoplast Solideal also delivers their products directly to the assembly lines.

An important portion of the manufacturing activities are based in Sri Lanka : Camoplast Solideal Loadstar (Pvt) Ltd manufacturing sites are based in Ekala, Kotugoda and Midigama with a work force of 5,300 employees.

Some history key facts on the Sri Lankan activities :

1. Loadstar (Pvt) Ltd in Sri Lanka was first incorporated as a private company in 1984 as a joint venture between the Jinasena Group of Companies and Solideal Ltd, which was founded by 2 Belgian entrepreneurs, Philippe Danneels and Pierre Pringiers, current Honorary Consul for Belgium in Sri Lanka. The joint venture brought together the proven engineering and management skills of the Jinasena Group of Companies with the technical know-how in tire design and production, and the capability to globally market the products by the founders of Solideal. As per the joint venture agreement entered between the partners, the local party largely handled the production and the engineering functions of the operations while the foreign partner dealt with product design, marketing, sales and distribution.
2. In 1985, the first solid tire plant opened at Ekala, and in 1991, the first pneumatic tire factory was built in Kotugoda, Sri Lanka. In 1992, the product range extended to include industrial pneumatics, and in 1993, also pneumatic construction tires. In 1994, the first industrial wheel factory opened in Ekala - Sri Lanka allowing to serve the OE market with mounted full assemblies of tires and wheels. At the end of 1995, the company extended its product range including rubber tracks and acquired a manufacturing plant in Serbia.
3. The success of the company has since been reflected by its continuous growth and expansion of production capabilities with the acquisition of several other wheel







and rubber track production plants. Sri Lanka was chosen for its strategic location to grow these manufacturing capabilities, and several new sites were added, amongst which a large manufacturing unit in the south of Sri Lanka (Midigama ) since 2000.

4. In 2010, Solideal – Loadstar merged together with Camoplast, which is the market leader in agricultural and powersport tracks and undercarriages, to form Camoplast Solideal which has its headquarters in Canada.

Today, the company has as many as 10 manufacturing sites in Sri Lanka under the name of Loadstar, operating according to global standards and using modern technologies to achieve top performance in many aspects. All factories in Sri Lanka are today ISO 9001-9002 as well as ISO14000:2004 certified.

A new recently opened Technical Centre in Ekala with state-of-the-art rubber compound and product testing equipment, supports the continuous strife for best performing products in the market.

On the quality side, a system called “Loadstar Production System” (LPS) was installed to operate the manufacturing sites in a world class manner as a lean organization and to deliver best performing products in the competitive market. Based on the basic philosophies of Jidoka and just-in-time production, LPS supports efficient and quick production of all products with sound quality, fully satisfying customer’s requirements, at a competitive price.

An impressive list of awards confirms the superiority of the Sri Lankan operations : in 2003, Loadstar achieved the National HRM Award for best HR Practices. In 2004, the company won the National Safety Award, and in 2006 the NCE Gold Award for Most Outstanding Exporter with some significant records, as well as the National Export Award for the single largest exporter. In 2008 and 2009, factories were awarded by the National Cleaner Production Centre for sustainable development initiatives. In 2010, the company was awarded with the Gold Award from the International Star for Leadership in Quality and in 2010 and 2011 with the National Energy Efficiency Award.

The factories in Sri Lanka consume over 70% of the RSS grade rubber produced in Sri Lanka armed with 18 rubber collecting centers located all over the rubber growing areas and providing a stable income for a large population of local rubber cultivators. The foreign income brought into the country is around 3% of the Sri Lanka’s total export earnings.

Camoplast Solideal - Loadstar is a unique Sri Lankan company which has achieved world leadership in highly specialized markets, proving the visionary view of the two Belgian founders many years back, when they choose Sri Lanka for establishing their solid long term relationships.





## NEWS

### SL doing better in business ranking

Sri Lanka has claimed the highest spot in the global ease of doing business ranking in the South Asian region while bettering its ranking to 81 from 89, a report issued by the World Bank and International Finance Corporation (IFC) showed. According to the report, from June 2011 to June 2012, Sri Lanka implemented the most regulatory reforms among the eight economies covered in South Asia, helping to create a better environment for local entrepreneurs. 'Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises' report also ranked Sri Lanka among the 10 economies globally that improved the most in the past year across three or more areas measured by the report. Singapore remained the easiest place in the world to do business, followed by Hong Kong, New Zealand and the United States. In South Asia Maldives was ranked 95, Pakistan 107, Nepal 108, Bangladesh 129, India 132, Bhutan 138 and Afghanistan 168.

We have a new website! [www.belgoluxsrilankabc.be](http://www.belgoluxsrilankabc.be)



## AWEX Economic Mission India – Sri Lanka

1 – 8 December 2012

### Business prospection and business opportunities in **India** and **Sri Lanka**

**Sri Lanka:** a country with 21 million inhabitants, size comparable to several European countries, After 30 years of civil war the country has finally returned to peace and is portraying itself as an economy ready to take on the challenges of the future. Platform between South Asia and Europe due to its regional free trade agreements, Sri Lanka offers several opportunities. With the end of war and reconstruction of the country, there are huge opportunities in exports and investments in the fields of infrastructure, industry, agriculture and services.

This economic mission is mainly targeted at the Wallonia companies in the following sectors:

- Infrastructure, capital goods
- Equipment, products and services in the tourism sector
- Pharmaceutical and biotechnology sectors
- Agro-foods, especially consulting
- Energy sector, especially renewable

The mission is naturally **open to companies in other sectors**, desirous of starting or developing businesses in these two countries.



**How to become a member of BLSLBC?**  
<http://www.belgoluxsrilankabc.be/contact>