

Sector : Manufacturing  
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# Value Added Rubber Industry



Promoted By: S.J. Key Strategies (Pvt) Ltd

<b>Sector</b>	Manufacturing
<b>Geographical Location</b>	A suitable land to be identified for the project
<b>Project Description</b>	To develop a facility for the creation of value added Rubber Products i.e. Tyres, Tubes, rubber based Motor Spare Parts, rubber based toy products etc. for export market under Free Trade Agreement between Sri Lanka and India/ Sri Lanka and Pakistan
<b>Fringe benefits and incentives offered by the government</b>	<p>Potential Investors / Developers are invited for Foreign Direct Investment or any composition of Joint Venture between Local &amp; Foreign Investors to set up Projects to cater manufacturing of Rubber Based Products for export Market. The Project Company shall qualify for applicable incentives under the Board of Investment of Sri Lanka.</p> <p>Various tax incentive, concession and benefits has been introduced by the Government of Sri Lanka to promote private investments, both domestic and foreign into desired sectors of the economy including the Rubber Industry. These tax incentives mainly include exemption on Corporate Income Tax, Customs Duty, and Value Added Tax. Government grants Tax exemption on the manufacture of value added rubber products for 7 years.</p>
<b>Project Size</b>	US \$5.0 Million.
<b>Major economic and social benefits</b>	<ul style="list-style-type: none"> <li>• The rubber industry generates employment for a vast number of people mainly from rural areas and is important in providing them with economic sustenance for their livelihood.</li> <li>• Sri Lankan rubber sector is the third largest export earner of the country providing over 300,000 direct and indirect job opportunities to Sri Lankans across various professions and walks of life.</li> <li>• In recent time period Government uses the CESS to finance replanting of rubber trees and provide certain social benefits to smallholders.</li> <li>• The Asian Development Bank initiated the City Cluster Economic Development Project (CCED) to seek ways to foster sustainable economic development. This approach leads to reduced transaction costs, which benefits both businesses and government communities and improve the living standard of the people in Sri Lanka.</li> </ul>
<b>Significance of the project</b>	<ul style="list-style-type: none"> <li>• With opportunities in the global markets being assured to technically sound and innovative local rubber, rubber based product manufacturers &amp; suppliers, it is clear that the rubber industry will continue to be a solid and profitable facet of Sri Lanka's economy.</li> <li>• Sri Lanka's natural rubber has a high-demand in the world market due to its unique properties. The country now has a premium quality natural rubber type known as Lankaprene which is odour free to a certain extent, light coloured, and clean which is ideally suited for medical equipment and up- market value added products.</li> <li>• Sri Lanka was in the sixth position among the global natural rubber producers and exported almost all types of natural rubber available in the market including ribbed smoked sheet rubber, latex crepe rubber, scrap crepe, all grades of technically specified rubber, centrifuged latex and specialty rubbers.</li> <li>• The size of the world market for rubber products is estimated at \$90 billion per annum</li> </ul>

	<p>which is over Rs 116 billion per annum. With planned strategic action Sri Lanka can become an important player in this increasing market. At present rubber products produced in Sri Lanka have a combined market share of only 0.6 to 0.75% of the global market for rubber products Increasing this to 2 to 2.5% is not overambitious.</p>
<b>Current Status</b>	<p>Project can be initiated with immediate effect.</p>
<b>Reasons to invest</b>	<ul style="list-style-type: none"> <li>• High growth rate in this industry. Market volume is large. Rubber and rubber products exports in Sri Lanka exceeded \$1 billion last year and expect to increase more in the coming years</li> <li>• Rubber Industry is a major industry in Sri Lanka, which has a significant contribution to national economy. Also, Rubber Industry generates many employment opportunities to rural population having lower level of education.</li> </ul>
<b>Recommended way forward</b>	<ol style="list-style-type: none"> <li>1. Exclusive Mandate authorizing Local Promoter to participate on behalf of the Investor / Developer</li> <li>2. Submission of Expression Of Interest</li> <li>3. Submission of Initial Screening Documents by the proponent including proof of funds</li> <li>4. Signing of Cooperation Agreement with the responsibility matrix</li> <li>5. Submission of Preliminary Proposal</li> <li>6. Obtaining in principal go ahead by the authorities</li> <li>7. Develop a detailed proposal with the help of a local promoter after carrying out a feasibility study</li> <li>8. Preparation of a fund raising model and a commercial proposal</li> <li>9. Final approval and financial closure.</li> </ol>
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