

# Sri Lankan Board of Investment (BOI)

## Constitutional Guarantee for Investments

Sri Lanka has an enviable record of political credibility in the international arena. All major political parties are committed to free enterprise and individual freedom.

The government has never defaulted nor requested rescheduling of any of its international obligations. Significantly this protection extends to foreign investors.

Bilateral investment agreements supported by a constitutional guarantee, provides strong protection for foreign investment for Sri Lanka.

The safety of foreign investment is guaranteed through the acceptance by two third majority of Parliament of the Constitutional Guarantee of Investment Protection Agreements. Under article 157 of the country's constitution, the agreement enjoys the force of law and no legislative, executive or administrative action can be taken to contravene the provisions of a bilateral investment agreement otherwise than in the interests of national security.

Bilateral investment agreements are valid for 10 years, and are extended automatically unless terminated by either party. If the agreement is terminated investments already made are protected for another 10 years.

A clause in the Sri Lankan constitution ensures the sanctity of the agreements. These agreements provide the following:

- Protection against nationalisation.
- Prompt and adequate compensation if required.
- Free remittance of earnings, capital and business fees.
- Settlement of disputes under the International Convention for the Settlement of Investment Disputes (ICSID).

Bilateral Investment Protection Agreements exist between Sri Lanka and the following countries: Belgium/ Luxembourg, Canada, China, Denmark, Egypt, Finland, France, Germany, Iran, India, Italy, Indonesia, Japan, The Republic of Korea, Luxembourg, Malaysia, The Netherlands, Norway, Pakistan, Romania, Singapore, Sweden, Switzerland, Thailand, the United Kingdom and the United States of America.

Sri Lanka is also a founder member of the Multilateral Investment Guarantee Agency (MIGA). This provides further safeguards against expropriation and non-commercial risk. Investors may also refer disputes for arbitration under the rules of the International Chamber of Commerce.