

## Report on German Businesses relocating production away from Germany – Focus on relocation to Sri Lanka

### A. Outlook of German Business across all Sectors

#### 1. Strengths and weaknesses of Germany

##### a) Strengths of Germany as a Business Location

Germany is Europe's largest economy and a leading global industrial power, accounting for roughly a quarter of the EU's GDP. Its economy is highly diversified, with world-class sectors in automotive, engineering, chemicals, and electronics. A robust infrastructure and efficient logistics network connect Germany seamlessly to key European and global markets, reinforcing its position as a central hub for trade and production.

The country's political and legal stability further strengthens its business environment. Germany offers a transparent regulatory framework, strong rule of law, and low corruption, providing investors with a predictable and secure setting.<sup>1</sup> Its central European location grants direct access to major EU and Eastern European markets, while its deep integration into international supply chains enhances competitiveness.<sup>2</sup>

Germany also leads in research, innovation, and high technology. Supported by close cooperation between industry and academia, it exported around €236 billion in high-tech goods in 2023, the highest in Europe.<sup>3</sup> This combination of stability, infrastructure, innovation, and market access continues to make Germany one of the most attractive business locations globally.

##### b) Weaknesses and Challenges for Germany

Despite these advantages, Germany faces mounting economic challenges. The Ifo Institute forecasts growth of only 0.3 - 0.4% in 2025, making it the weakest performer among major industrialised nations.<sup>4</sup> The German Chamber of Commerce and Industry (DIHK) similarly warns of a third consecutive year of stagnation, with 60% of companies citing the policy framework as their primary business risk.<sup>5</sup>

High energy and labour costs, complex regulations, and bureaucratic delays weigh heavily on competitiveness. The country's energy transition has driven up industrial electricity prices, while slow

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<sup>1</sup> [https://www.sgi-network.org/docs/2024/thematic/SGI2024\\_Rule\\_of\\_Law.pdf](https://www.sgi-network.org/docs/2024/thematic/SGI2024_Rule_of_Law.pdf) (pages 4-6)

<sup>2</sup> KfW, <https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Fokus-Volkswirtschaft/Fokus-englische-Dateien/Fokus-2022-EN/Fokus-No.-411-December-2022-Global-trade.pdf>

<sup>3</sup> <https://www.gtai.de/en/invest/business-location-germany/innovation-in-germany>; <https://data.worldbank.org/indicator/TX.VAL.TECH.CD>

<sup>4</sup> <https://www.ifo.de/en/press-release/2025-02-10/experts-do-not-trust-germany-to-grow>; <https://www.ifo.de/fakten/2025-06-12/ifo-konjunkturprognose-sommer-2025>

<sup>5</sup> <https://www.dihk.de/resource/blob/128548/b7569a73078b016e2a527ea073ab6ed9/economic-survey-february-2025-data.pdf>

permitting and approval procedures discourage investment.<sup>6</sup> In addition, demographic ageing is tightening the labour market and increasing social expenditure.

The Ifo Institute cautions that without targeted reforms to cut bureaucracy and accelerate approvals, Germany risks a gradual erosion of its attractiveness as a business location.<sup>7</sup>

#### c) Conclusion: Germany's attractiveness in a global context

Despite current challenges, Germany remains a highly attractive business location for companies that value the strength of the “Made in Germany” brand, premium quality, innovation, and direct access to the European single market. Its industrial base, research capacity, and skilled workforce continue to provide significant advantages, particularly for technology-driven and high-value sectors where reliability and reputation matter most.

Overall, Germany still offers excellent location conditions, but rising energy and labour costs, along with increasing bureaucracy, are eroding its competitiveness. For companies focused on innovation, quality, and market access, Germany remains a top choice. However, for firms under heavy cost or regulatory pressure, alternative European locations are becoming more appealing.

## 2. Key location-factors for German companies

The following factors are especially relevant to German companies, when considering if a relocation is viable and to which country production should be moved:

- (i) Cost and competitiveness: labour cost, energy cost, logistics, overhead.
- (ii) Energy supply / reliability: especially relevant for energy-intensive production.
- (iii) Availability of qualified workforce: skilled labour, technical education, innovation capabilities.
- (iv) Regulatory and bureaucratic environment. Speed of approvals, clarity of regulation, legal stability etc.
- (v) Market access / supply-chain / logistics: proximity to suppliers & clients, transport links.
- (vi) Transformation capability: ability to respond to digitalisation, sustainability, decarbonization
- (vii) Location image / brand / quality: for premium goods “Made in Germany” remains a value-add.

## 3. Trends and plans for relocation

#### a) Theoretical interest in relocation

A growing number of firms are considering relocating production abroad, particularly in cost-sensitive and energy-intensive sectors.<sup>8</sup>

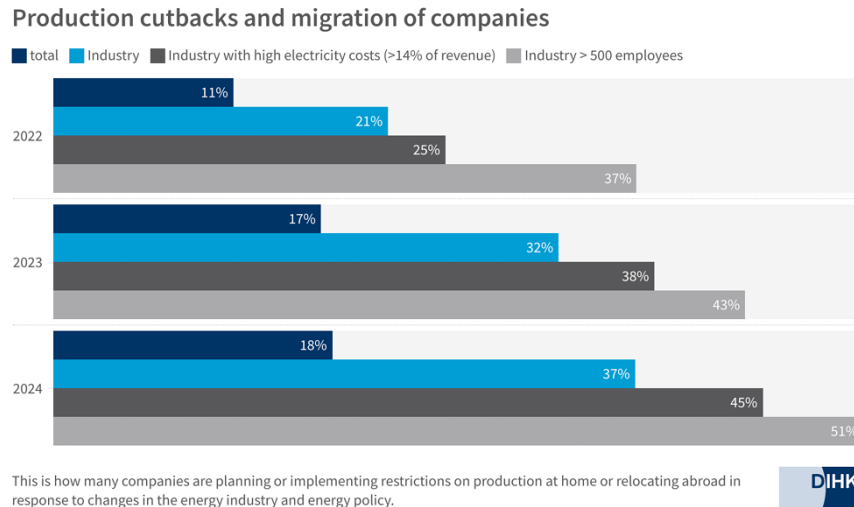
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<sup>6</sup> <https://www.dihk.de/resource/blob/129222/9c23a6fa84f0d10c076fe392c12171ba/ihk-company-barometer-2025-data.pdf>

<sup>7</sup> <https://www.ifo.de/en/facts/2024-05-03/economists-panel-reform-proposals-for-germany>

<sup>8</sup> <https://www.dihk.de/resource/blob/121108/1794639eb0bb2532d5e1abff4260234b/energy-transition-barometer-2024-data.pdf>

(fig. 1 – Source: DIHK, Energiewende-Barometer 2024, Fn. 8)



According to a study by the DIHK over 1/3 of companies (37%) in the industrial sector are considering moving their production or cutting back on producing in Germany in favour of increasing industrial capacity in other countries. This number has increased by almost 70% since 2022. For larger industrial companies (over 500 employees) the percentage of companies

considering cutbacks or relocations away from Germany is at over 50%.

Similar results were found in a recent survey by KPMG AG, which states that 22% of German companies are considering moving production to Central & Eastern Europe (CEE) by 2025.<sup>9</sup> Additional data show that around 42% plan investment in CEE in the near term, rising to 56% by 2030.<sup>10</sup> While relocation is not yet dominant, the upward trend is noteworthy.

Especially the trend of near-shoring—relocating production closer to core markets but outside Germany—is accelerating. Surveys show that about 22% of German firms are considering moving parts of their production to Central and Eastern Europe, drawn by lower costs, faster regulatory procedures, and improving infrastructure.<sup>11</sup> Poland, the Czech Republic, and Hungary are among the leading destinations benefiting from this shift.<sup>12</sup>

#### b) Actual relocation and targets

While exact data and statistics on actual relocations does not exist in a comprehensive and representative manner, Central and Eastern Europe (CEE) has clearly emerged as the primary destination for such moves. Poland, in particular, is the preferred target for 51% of German companies surveyed.<sup>13</sup> The region's appeal stems from its proximity to Germany, cultural and market familiarity, well-established supply chains, and a notable cost advantage compared to domestic operations. Major German manufacturers such as Bosch,

<sup>9</sup> <https://kpmg.com/de/en/home/media/press-releases/2025/01/survey-central-and-eastern-europe-is-gaining-economic-importance.html>

<sup>10</sup> <https://kpmg.com/de/en/home/media/press-releases/2025/01/survey-central-and-eastern-europe-is-gaining-economic-importance.html>

<sup>11</sup> [https://www.ost-ausschuss.de/sites/default/files/pm\\_pdf/PM%20Osteuropa-Umfrage%202025%20Auswertung.pdf](https://www.ost-ausschuss.de/sites/default/files/pm_pdf/PM%20Osteuropa-Umfrage%202025%20Auswertung.pdf) (P.4)

<sup>12</sup> <https://kpmg.com/de/en/home/insights/2025/02/cee-business-outlook-2025.html>

<sup>13</sup> <https://kpmg.com/de/en/home/insights/2025/02/cee-business-outlook-2025.html>

Miele, and Knorr-Bremse have already expanded or relocated parts of their production to Poland,<sup>14</sup> while other firms—including Continental and Liebherr—have transferred operations to countries like the Czech Republic and Bulgaria. These moves reflect a strategic approach to maintain access to the European market while optimising cost efficiency and operational flexibility.

Beyond Europe, other regions are also being evaluated. The same KPMG survey found that 20% of German companies are considering future expansion Asia.<sup>15</sup> Where companies are relocating away from Europe the preferred markets seem to be Vietnam, China or India.<sup>16</sup>

When selecting alternative locations, companies focus primarily on lower labour and operating costs, favourable energy prices, and logistical advantages that ensure efficient access to European or global markets. Proximity to Germany and regional familiarity are key benefits, particularly within Central and Eastern Europe. Other decisive factors include workforce qualifications, speed of administrative approvals, investment incentives, and supply chain resilience. However, companies also weigh political and regulatory stability, as well as corruption levels and infrastructure quality. For instance, 67% of firms operating in Eastern Europe cited political or security risk as a key concern.<sup>17</sup>

On the other hand, despite growing interest in relocation, many firms ultimately decide against moving operations abroad. The “Made in Germany” label continues to carry strong brand and quality value, offering a key competitive advantage in global markets. Germany’s highly skilled workforce, strong innovation ecosystem, and advanced infrastructure further reinforce its attractiveness as a business location.

In addition, substantial existing investments—such as large-scale industrial or chemical facilities—make full relocation financially and operationally unattractive. Companies also recognise the risks associated with moving production, including potential loss of know-how, supply chain disruptions, and cultural or operational challenges. As a result, while relocation is increasingly discussed, many firms prefer to optimise and modernise their operations within Germany rather than leave entirely.

### c) Conclusion and implications for German companies

Relocation of German companies remains selective, primarily affecting cost-intensive and standardised production rather than premium or innovation-driven sectors. Central and Eastern Europe—especially Poland, the Czech Republic, and Hungary—has emerged as the main target region due to proximity, cost advantages, and established supply chains. Surveys show that 51% of firms are exploring expansion into

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<sup>14</sup> [https://en.cfts.org.ua/news/knorr\\_bremse\\_opens\\_production\\_and\\_service\\_center\\_near\\_ukrainian\\_border\\_in\\_poland](https://en.cfts.org.ua/news/knorr_bremse_opens_production_and_service_center_near_ukrainian_border_in_poland); <https://www.miele.com/en/com/6021.html> (Miele); <https://www.pveurope.eu/power2heat/eastern-europe-bosch-builds-new-heat-pump-production-facility-poland>

<sup>15</sup> <https://kpmg.com/de/en/home/insights/2025/04/business-climate-survey-reorientation-of-usa.html>

<sup>16</sup> <https://asiatimes.com/2024/11/germany-closing-factories-at-home-opening-them-in-china/>; <https://cmcglob.com.vn/it-outsourcing/germanys-move-to-vietnam-a-prime-destination-for-expansion-in-asia/>; <https://kpmg.com/de/en/home/media/press-releases/2025/06/new-record-79-percent-of-german-companies-plan-to-invest-in-india-by-2030-in-response-to-geopolitical-tensions.html>

<sup>17</sup> KPMG, [https://www.ost-ausschuss.de/sites/default/files/pm\\_pdf/PM%20Osteuropa-Umfrage%202025%20Auswertung.pdf](https://www.ost-ausschuss.de/sites/default/files/pm_pdf/PM%20Osteuropa-Umfrage%202025%20Auswertung.pdf) (P.18)



Africa, South America, or Eastern Europe. However, companies focused on high quality, innovation, and brand value continue to see Germany as a key base for advanced production and market access.

#### **4. Why could Sri Lanka be an interesting location for German companies?**

##### **a) Strengths of Sri Lanka as a business location**

The advantages of Sri Lanka as a target for German business relocation or expansion lie in its strategic position, competitive cost structure, and increasing alignment with international sustainability standards. With substantially lower labour and operating costs than in Germany, the country offers a cost-efficient base for production, processing, or service operations. This is particularly relevant for companies in cost-sensitive or labour-intensive industries seeking to diversify beyond Europe while remaining close to key Asian markets. Sri Lanka's location along major international trade routes in the Indian Ocean—between the Middle East and Southeast Asia—provides direct access to some of the world's fastest-growing economies and established global shipping lanes, making it an ideal logistics and export hub for the wider Asia-Pacific region.

At the same time, Sri Lanka has demonstrated a clear commitment to sustainability, ethical sourcing, and green economic transformation. Through initiatives such as its National Climate Finance Strategy and ongoing reforms to improve the investment climate, the government is actively promoting responsible investment and long-term development. For German companies, this alignment with sustainability and ethical production is an important strategic advantage, complementing their own ESG and supply-chain standards.

Moreover, Sri Lanka offers favourable production conditions in sectors such as agriculture, manufacturing, renewable energy, and digital services. Combined with potential investment incentives provided through the Board of Investment (BOI), the country presents an opportunity to establish or expand regional operations at a competitive cost base. In essence, Sri Lanka's mix of affordability, strategic market access, and growing policy stability makes it an increasingly attractive diversification site for German firms looking to strengthen their footprint in Asia while maintaining responsible and sustainable business practices.

##### **b) Weaknesses / Challenges of Sri Lanka as a location**

Despite its advantages, Sri Lanka presents several challenges that may deter German investment.

Infrastructure, logistics and energy supply in Sri Lanka remain significant obstacles. The country continues to display a large infrastructure deficit: the Asian Development Bank estimates that Sri Lanka will need to invest about US \$5 billion annually in infrastructure just to keep pace.<sup>18</sup> Frequent power outages and grid instability have also been reported—one such nationwide blackout was triggered by a minor grid fault.<sup>19</sup> Advanced processing and manufacturing capabilities are not yet fully developed. Sri Lanka faces a

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<sup>18</sup> <https://www.linkedin.com/pulse/unraveling-sri-lankas-business-environment-critical-samarasinghe/>;

<https://www.worldbank.org/en/news/press-release/2025/10/07/sri-lanka-s-economic-recovery-remains-incomplete-as-key-challenges-remain>

<sup>19</sup> <https://www.theguardian.com/world/2025/feb/10/total-chaos-monkey-blamed-for-nationwide-power-cut-in-sri-lanka>;

[https://en.wikipedia.org/wiki/Power\\_outages\\_in\\_Sri\\_Lanka](https://en.wikipedia.org/wiki/Power_outages_in_Sri_Lanka)

shortage of workers skilled in manufacturing disciplines such as electronics, tool-making and supply-chain management, and its education system is not yet aligned with the needs of modern industrial production. Workforce skills remain a concern: high-skilled labour participation is declining, and productivity growth in professional segments has been negative in recent years.<sup>20</sup>

Bureaucratic and regulatory risks also feature prominently. Investors report difficulty obtaining clear, consistent decisions from the main investment promotion agency (the Board of Investment of Sri Lanka, BOI) and describe the regulatory environment as opaque and unpredictable.<sup>21</sup> External macro-risks add to the burden: currency volatility, export-dependency and supply-chain disruptions weigh on investment planning and cost control.<sup>22</sup>

For German companies, in particular, the effort to build a supply-chain to “German-standard” in terms of quality, certification, and sustainability may require extra investment and oversight—thereby reducing the cost advantage of setting up in Sri Lanka.

Other risks include corruption and transparency issues. Sri Lanka ranked 121<sup>st</sup> out of 180 countries in the most recent Corruption Perception Index (compared to Germany ranking at 15<sup>th</sup>).<sup>23</sup> In addition, institutional challenges such as high-level political intervention, non-transparent procurement and regulatory inconsistency undermine investor confidence.<sup>24</sup>

Finally, strong external dependencies—such as geopolitical influence from neighbouring countries such as India and China (for example Indian involvement in major Sri Lankan infrastructure initiatives)—can add further layers of strategic risk for foreign investors.

#### c) What would make Sri Lanka more attractive for German companies?

To enhance its appeal to German investors, Sri Lanka should prioritise upgrading its infrastructure—specifically transport/logistics arteries, reliable energy supply and cold-chain capabilities for agrifood exports. While the country is beginning to develop major logistics hubs (for example in Trincomalee) to support heavy industries and connectivity.<sup>25</sup>

Besides improving infrastructure (especially in the sectors of transportation and electricity stability), the main area which needs to be improved is regulatory clarity. The current crackdown on corruption is a step in the right direction, but in a competitive global market, Sri Lanka still has a long road ahead. In addition, foreign companies need clear frameworks for investments in Sri Lanka and guarantees of regulatory

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<sup>20</sup> <https://www.frontpagejournal.com/business/sri-lankas-high-skilled-workforce-is-shrinking-and-its-a-national-risk/>;  
<https://ceylontoday.lk/2025/10/04/us-investment-climate-report-2025-states-boi-failures-bureaucracy-stifle-sls-investment-prospects>

<sup>21</sup> <https://lionsroar.co.nz/sri-lankas-foreign-investment-landscape-in-2025-challenges-and-opportunities>;

<https://ceylontoday.lk/2025/10/04/us-investment-climate-report-2025-states-boi-failures-bureaucracy-stifle-sls-investment-prospects>

<sup>22</sup> <https://www.worldbank.org/en/news/press-release/2025/10/07/sri-lanka-s-economic-recovery-remains-incomplete-as-key-challenges-remain>

<sup>23</sup> <https://www.transparency.org/en/cpi/2024/index/lka>

<sup>24</sup> <https://eyeviewsl.com/sri-lanka-counts-the-cost-of-lost-development-opportunities-investments-exit-in-sri-lanka-causes-development-dilemmas>; <https://lionsroar.co.nz/sri-lankas-foreign-investment-landscape-in-2025-challenges-and-opportunities>

<sup>25</sup> <https://economynext.com/sri-lanka-to-establish-trincomalee-logistic-hub-aims-up-to-1-5-bn-investment-177663>



stability. Here as well the steps taken by the current government are a step in the right direction.<sup>26</sup> Overall however Sri Lanka is still seen as a risky investment, not at least due to worries about financial stability.<sup>27</sup>

In addition, expanding a skilled workforce is key: implementation of technical training programmes, partnerships between German firms and Sri Lankan vocational institutes and technology-transfer initiatives would help build the required talent base.<sup>28</sup>

Building up supply-chains and processing/packaging/export capabilities aligned with global standards—covering quality assurance, sustainability certification and value-added output—would make Sri Lanka more compelling for German companies that demand premium assurance.

#### d) Conclusion: Assessment of Sri Lanka as a location

While Sri Lanka has certain advantages—such as lower labour costs and a strategic location along major trade routes with potential access to Indian and ASEAN markets—it has not emerged as a clear relocation destination for many German firms. The opportunities of cost-arbitrage and location are nearly offset by fundamental challenges: infrastructural weakness, regulatory uncertainty, unclear incentives, and persistent risks of corruption and instability. Moreover, in the region more stable and attractive alternatives exist—such as Vietnam, Thailand and India—where German FDI is already much stronger (Vietnam reports over 400 German projects worth US \$2.5-2.9 billion) and where regulatory frameworks look more reliable.<sup>29</sup>

In effect, Sri Lanka's viability for German relocation is highly niche and project-specific—it might work only if a company is willing to tolerate higher risk, or to invest heavily up front (e.g., own training centre, self-sufficient energy supply, bespoke logistics) to mitigate the downsides. Otherwise, the island remains up to now a secondary option rather than a mainstream hub for German production migration.

## B. Outlook of German Business in the Agriculture Sector

### 1. Sri Lankan Agriculture Sector

Sri Lanka's agriculture sector contributes around 7-8% of GDP and employs about 25-30 % of the labour force,<sup>30</sup> remaining vital for food security and rural livelihoods despite its declining GDP share. The sector grew by 2.6% in 2023 and 1.2% in 2024 rebounding from a 4.2% contraction in 2022, driven mainly by strong paddy and coconut harvests.<sup>31</sup> Paddy production rose by 33% to 4.5 million metric tons, supported

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<sup>26</sup> Example: <https://economynext.com/sri-lanka-to-introduce-legislation-to-safeguard-investors-minister-209473/#modal-one>

<sup>27</sup> Sri Lanka is still one of the countries with the worst credit ratings in the world. [List of countries by credit rating - Wikipedia](#)

<sup>28</sup> See for example <https://srilanka.ahk.de/en/events/ahk-sri-lanka-congratulates-dimo-on-the-grand-opening-of-the-relocated-dats-facility-in-peliyagoda>

<sup>29</sup> <https://www.kas.de/en/web/vietnam/single-title/-/content/reassessing-fdi-s-role-in-vietnam-s-industrialization-a-strategic-pivot-toward-sustainable-growth>

<sup>30</sup> <https://www.statistics.gov.lk/Publication/Economic-Statistics-2025?>

<sup>31</sup> [https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/national\\_account\\_estimates\\_2023\\_annual\\_e.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/national_account_estimates_2023_annual_e.pdf);  
[https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/publications/aer/2024/en/Full\\_Text.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/aer/2024/en/Full_Text.pdf) (P.16)

by better weather and input availability. Productivity has improved gradually—paddy yields increased from 2.5 mt/ha to 4.5 mt/ha, while labour needs per hectare fell from 140 to 40 days.<sup>32</sup> However, overall agricultural productivity remains low, at roughly 31% of the national average.<sup>33</sup> Key challenges include climate vulnerability, fragmented land use, and limited mechanisation.

## 2. Opportunities for German Agricultural Companies in Sri Lanka

Sri Lanka offers several specific opportunities for German agribusiness firms. For instance, sourcing tropical crops (coconut derivatives, tea, herbs, spices) and adding value via processing for export align well with German firms' quality and innovation standards. Especially as these tropical crops cannot be grown in Germany, Sri Lanka could be a democratic and stable long-term partner for investment. The partnership between Sri Lankan HVA Foods PLC and the German Muggenburg Group (high-quality herbs and botanicals) demonstrates this: German botanical expertise is used to enhance Sri Lankan value addition in tea and nutraceutical ingredients.<sup>34</sup> Moreover, German--Sri Lankan cooperation programmes—such as the Import Promotion Desk (IPD) training Sri Lankan Agri-exporters (women-led) for European markets—highlight the potential for building export-oriented production in Sri Lanka aligned to German/EU standards.<sup>35</sup>

Furthermore, Sri Lanka is in a prime position to become an export hub, allowing preferential exports to the EU (GSP+), India (ISFTA), Pakistan (PSFTA), SAFTA (South Asian Free Trade Area) as well as all other SAARC (South Asian Association for Regional Cooperation) countries. At the same time, Sri Lanka has one of the largest ports in Asia and is situated extraordinarily well along the Asia-Europe Trade corridor. Especially in regards to agricultural products, where transport is often expensive, this is a key advantage.

For German companies considering Asia Pacific expansion, Sri Lanka can serve as a lower-cost hub, particularly in agriculture or food processing, provided they are willing to invest in local capacity and adapt to the risk environment.

## 3. Risks and disadvantages in the agriculture sector

In addition to the previously mentioned challenges of establishing a subsidiary in Sri Lanka, or even relocating, the agriculture sector faces some additional challenges. Especially when focusing on German style end-to-end agricultural/food processing operations. Specific infrastructure deficits (cold chain, reliable energy, advanced processing facilities) remain relevant and add another layer of complexity for businesses. In addition, German companies aiming to sell Sri Lankan products internationally, especially in the European Union require high levels of certification, quality control and sustainability chain. This creates the need to establish German standard logistics and processing, which may erode any cost advantages. Lastly, compared to other countries in east- and south-east Asia, Sri Lanka has a complex and

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<sup>32</sup> <https://asmp.lk/wp-content/uploads/2025/03/Productivity-Growth.pdf>

<sup>33</sup> <https://www.advocata.org/commentary-archives/tag/Agriculture>

<sup>34</sup> <https://www.lankabusinessnews.com/hva-foods-plc-partners-with-muggenburg-group-germany>

<sup>35</sup> <https://economynext.com/german-import-promotion-desk-edb-train-20-agri-exporters-for-european-markets-209759>





untransparent permitting and approvals system, which may slow or hinder the investment by foreign agricultural companies. Firms will likely wait until one or two competitors successfully pioneer productions in Sri Lanka and will only follow suit afterwards.

#### **4. Actual Activities of German Agriculture Sector Firms in Sri Lanka**

While full-scale relocation of German agricultural production to Sri Lanka remains rare/non-existent, a number of German-linked activities are underway. The Target Agriculture example (German founder, Sri Lankan plantation, export-oriented organic production) shows one pathway.<sup>36</sup> The IPD-EDB programme bringing 20 Sri Lankan Agri-exporters into the European supply chain with German support shows German involvement at the capacity-building level.<sup>37</sup> The HVA–Müggenburg partnership illustrates German input into Sri Lankan value addition for herbs and botanicals.<sup>38</sup> Additionally, awareness and facilitation programmes by AHK Sri Lanka and UNIDO (United Nations Industrial Development Organization) on supply chain due diligence standards (for German market access) further reflect German-Sri Lankan coordination in agriculture/agrifood. These activities, however, are mostly in processing, sourcing and export enhancement—not large production plant relocations of German firms into Sri Lanka’s agriculture sector.

#### **5. Conclusion**

Similar to the overall situation, some German companies have set up facilities in Sri Lanka, particularly to focus on the islands staple export products (especially tea, spices, coco-products and rubber), but the overall drive to expand or even relocate the entire German company there remains limited.

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<sup>36</sup> <https://www.target-agriculture.com/about-us/>

<sup>37</sup> <https://lankanewsweb.net/archives/71110/empowering-srilankan-women-entrepreneurs-for-global-trade>

<sup>38</sup> <https://www.lankabusinessnews.com/hva-foods-plc-partners-with-muggenburg-group-german>