



2018

Performance Report

Department of Trade and Investment Policy
General Treasury
Ministry of Finance
Colombo -01

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1. INTRODUCTION

1.1 Organizational Framework

The Department of Trade and Investment Policy focuses mainly on the formulation and implementation of sustainable policies on external trade , tariff and investment for the benefit of Sri Lankan economy and the people. In June 2006, this Department was established with the broad objective of promotion and facilitation of country's international economic integration and named as "Department of Trade, Tariff and Investment Policy" under the General Treasury, Ministry of Finance. To broaden the functions of the Department, it was renamed in 2012 as the "Department of Trade and Investment Policy"

In 2017, the strategic direction of the Department was re-structured and reformulated its Vision, Mission, Goals and Objectives and Organizational Structure in order to provide a better service. Currently, the Department constitutes of two Divisions to implement its core business as follows;

- i. Trade Division
- ii. Administration and Finance Division

1.2 Vision

Ensuring to establish proactive policies in trade and investment for inclusive development of the country.

1.3 Mission

Fostering a trade and investment friendly environment to facilitate international economic integration for inclusive development.

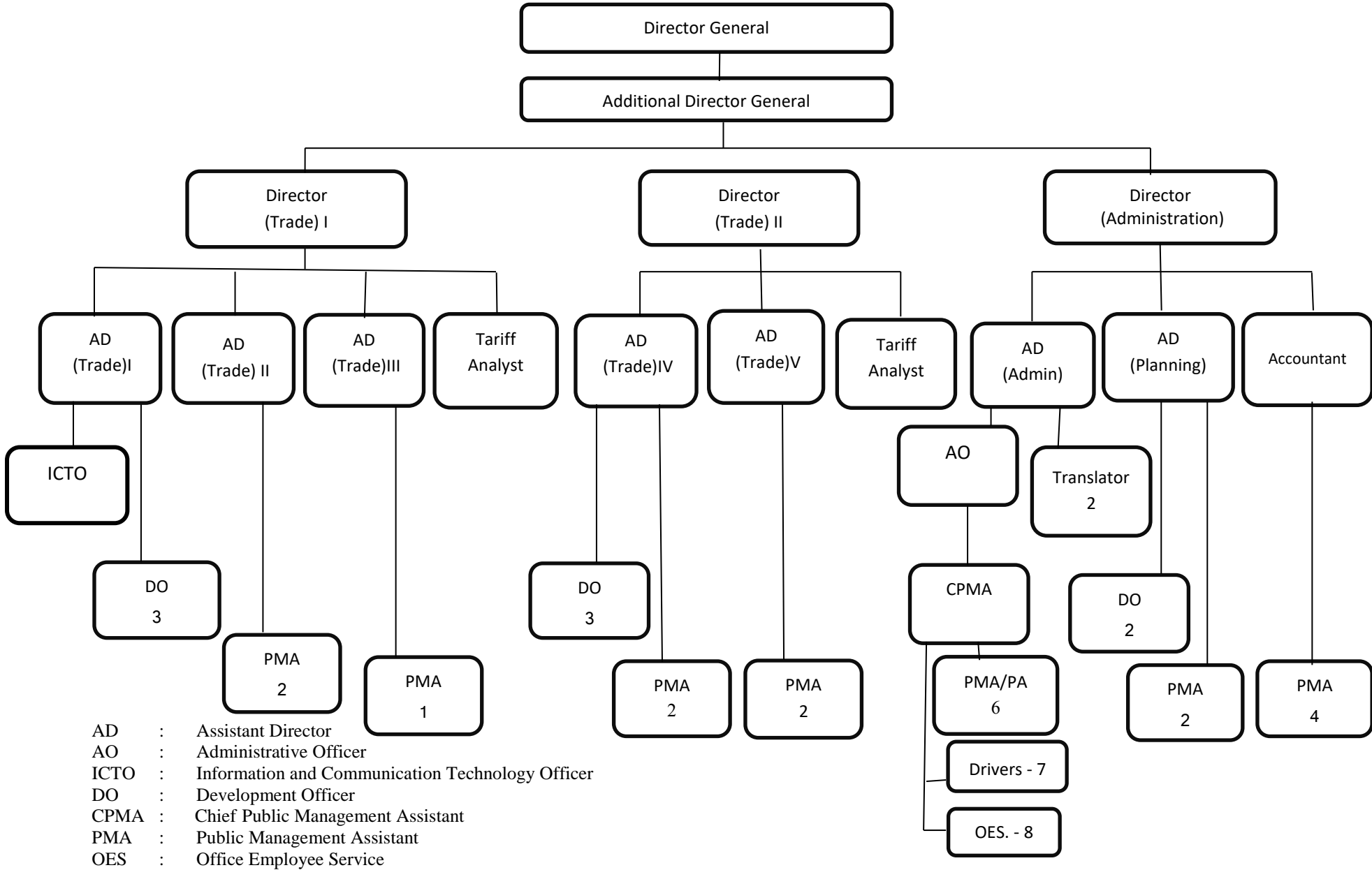
1.4 Goals

- To gain industrial friendly tariff regime
- To improve the position of Ease of Doing Business Index to below 50
- To implement competitive advantage trade agreements for trade
- To implement tax concessions in order to achieve economic and social goals of the Government
- To promote Sri Lanka as preferred FDI destination in the region

1.5 Objectives

- To eliminate the restrictions which discourage the investment
- To strengthen the Temporary Importation for Export Processing (TIEP) Scheme and Bonded Warehouse Policy
- To organize the dialogue with relevant stakeholders for preparing a policy for SME sector
- To assist the entrepreneurs providing necessary information through customer friendly database
- To streamline the issuing of public officers' concessionary vehicle permits
- To promote free trade agreements based on reciprocal benefits within the asymmetrical nature of island trading economy
- To promote free trade agreements which provide access to the global value chain trading / industries

1.6 Organizational Structure



1.7 Trade Division

1.7.1 Trade Policy Functions

Trade Division is responsible for formulation, implementation and revision of Trade & Tariff Policies related to Trade, Industry and Free Trade Agreements. It is also responsible for co-ordination of Customs Administrations including regulations and appeals. Implementation of Concessionary Schemes for importation of Motor Vehicles and disposal of Vehicles imported under the various Duty Concession Schemes are also falls under the purview of this division. The key functions of this Division can be spelt out as follows;

1.7.1.1 Trade Policy

- i. Development of Automobile Import Policy on project basis
- ii. Organization of Trade/Business Forums
- iii. To conduct Trade Policy Stakeholders' Dialogue
- iv. Coordination with Trade related National and International Organizations
- v. Resolving Trade Policy related issues represented by the stakeholders
- vi. Development of Trade Policy Papers to the Cabinet of Ministers
- vii. Representing the MOF in Agency for International Trade
- viii. Compilation of responses to Trade Policy related Court Cases
- ix. Preparation of Cabinet Memoranda / Observations / Comments
- x. Preparation and implementation of Trade related Budget proposal
- xi. Facilitation of Promulgation of Regulations under the Customs Ordinance
- xii. Review of appeals on Customs cases including valuation
- xiii. Review of Audit reports on Customs Administration
- xiv. Policy Coordination of TIEP scheme
- xv. Policy Coordination of Bonded Warehouse Facilities

1.7.1.2 Tariff Policy

- i. Coordination of 19(A) Duty Waivers
- ii. Publication of Revenue Protection Order (RPO)
- iii. Resolving grievances related to Tariff Anomalies
- iv. Management of HS Code National Sub Divisions
- v. HS Code compliance and transposition
- vi. Analysis of Tariff Policy related Issues and Alternatives
- vii. Enforcement of Special Commodity Levy Act
- viii. Tariff Policy review and update
- ix. Parliamentary Affairs on Tariff Policy
- x. Coordination with Tariff related National and International Organizations
- xi. Resolving Tariff Policy related issues represented by the stakeholders

- xii. Development of Tariff Policy Papers to the Cabinet of Ministers
- xiii. Compilation of responses to Tariff Policy related Court Cases

1.7.1.3 Free Trade Agreements

- i. Analysis of Fiscal Policy Implementations of Free Trade Agreements
- ii. Trade Policy review and update in line with the FTAs of Sri Lanka
- iii. Tariff Policy Implementation of:
 - India - Sri Lanka Free Trade Agreement (ISFTA)
 - Pakistan - Sri Lanka Free Trade Agreement (PSFTA)
 - South Asian Free Trade Agreement (SAFTA)
 - The Asia Pacific Trade Agreement (APTA)
 - Sri Lanka Singapore Free Trade Agreement (SLSFTA)
 - Bay of Bengal Initiative for Multi-Sector Technical & Economic Co-operation (BIMSTEC)
 - Proposed China Sri Lanka Free Trade Agreement(CSFTA), and
 - Economic and Technical Cooperation Agreement (ETCA)

1.7.2 Special Scheme Projects

- Scheme for the Public Officers to Import Vehicles under Concessionary Terms
- Permits under Public Administration Circular 22/99
- Concessionary Scheme for Importation of Motor Vehicles under the Foreign Affairs Ministry Circular No. 210 for the Diplomatic Officers
- Disposal of Vehicles imported under the various Duty Concession Schemes
- Granting Customs duty waivers under the Customs Ordinance
- Importation for Export Processing Scheme (TIEP)
- Preparation of observation for the Cabinet Memoranda Submitted by other Ministries and preparation of Cabinet Memorandum by this Department
- SAARC Development Fund

1.8 Administration and Finance Division

Administration and Finance Division is responsible for management of Human, Physical and Financial Resources. Human resource management is included recruitment, development and placement of the officers within the Department and Physical and Finance Resources management is covered acquisition, maintenance and keeping the records of Physical and Finance Resources.

2. PERFORMANCE OF TRADE DIVISION

2.1 Trade Policy

Sri Lanka's Trade Policies are aimed at the improvement of domestic productive capacity and trade performance, revitalize the nation's integration in global and regional markets, raise the living standards of the people and accelerate the nation's long-term economic growth rate.

The key focused areas are:

- i. Competitiveness through domestic policy reforms-entailing the rationalization of Sri Lanka's tariffs and para-tariffs, NTPs, and liberalization of the service sector while putting in place appropriate legal mechanisms, standards, regulations and safeguards.
- ii. Market access and trade facilitation- opening of foreign markets for Sri Lanka's exporters through multilateral, regional and bilateral trade agreements and comprehensive economic partnerships as well as faster customs procedures and improved logistics.
- iii. Macroeconomic balance, policy and institutional coherence – macroeconomic policy, trade and investment nexus, trade and development linkages, policies that contain the effect of trade liberalization on government revenues and on the trade balance, and streamlining and coordinating of institutions
- iv. Adjustment of firms and people – taking measures designed to help Sri Lankan firms confront increased international competition in domestic and foreign markets, also taking measures that anticipate the effect on the most vulnerable people and cushion the impact, giving time for adjustment.

The foreign trade is an integral part of the economy which continues with the process of further liberalization of the country's current trade regime, aiming at integrating Sri Lanka with the global economy within the positive attributes of free market economy, while facilitating the interests of the domestic industry.

Today, tariffs and other border levies are main tools of creating level playing field for trade in goods in the market, while there are hardly any barriers or impediments such as licensing and quotas on either imports or exports. The tariff policy of the government aims at providing a transparent and predictable framework for all stakeholders in the foreign trade sector. Sri Lanka's present tariff structure range from zero to 30% under a three -band tariff structure with rates being 0%, 15% and 30%. This in fact apply as 0% mainly for essential goods and basic raw materials, 15% mainly for Intermediate products and 30% mainly for other finished products.

2.2 Trade Agreements

Bilateral and Multilateral trade agreements are beneficial in enhancing commercial relationships and facilitation of trade & investment by reducing/eliminating tariffs, import quotas, export restrictions and other trade barriers. Trade agreements often include investment guarantees and can also help to minimize trade deficits. International trade is regulated by unilateral barriers such as tariffs, non-tariff barriers and outright prohibitions. The economic gains from international trade could be reinforced and enhanced when many countries or regions agree to a mutual reduction in trade barriers. Sri Lanka is a signatory for number of trade agreements;

- **Trade agreements at active level**
 - India - Sri Lanka Free Trade Agreement (ISFTA)
 - Pakistan - Sri Lanka Free Trade Agreement (PSFTA)
 - South Asian Free Trade Agreement (SAFTA)
 - Asia-Pacific Trade Agreement (APTA)
 - Sri Lanka Singapore Free Trade Agreement – (SLSFTA)
- **Trade Agreements at negotiation level**
 - Bay of Bengal Initiatives for Multi - Sectoral Technical and Economic Cooperation Agreement (BIMSTEC)
 - Economic and Technical Cooperation Agreement – (ETCA)
 - China Sri Lanka Free Trade Agreement - (CSLFTA)
 - Sri Lanka Thailand Free Trade Agreement
- **Trade Agreements at Proposed Level**
 - Bangladesh Sri Lanka Free Trade Agreement (BSFTA)

At the earlier stages of the trade liberalization Sri Lanka entered into Bilateral and Multilateral Free Trade Agreements which were mostly focused on liberalization of trade in goods. Free trade agreements such as India - Sri Lanka Free Trade Agreement (ISFTA) and Pakistan - Sri Lanka Free Trade Agreement (PSFTA) are examples for Bilateral Free Trade Agreements. South Asian Free Trade Agreement (SAFTA) and Asia-Pacific Trade Agreement (APTA) are Multilateral Free Trade Agreements to liberalize trade in goods. At the later stages this had developed focussing several sectors such as trade in services, investment and Customs Corporation.

The macro objectives of Trade Agreements to Sri Lanka is achieving high per capita income, paradise for tourism, promoting Sri Lanka as a trading and investment hub while protecting and developing its potential industries in a competitive trading environment. Trade in services is a very sensitive area which needs to be addressed early in the context of anticipated labour scarcity in the agriculture and industry sectors. Accordingly, a high priority was given to attract appropriate investments and to create a favourable environment for trade in services through formulating frameworks for comprehensive economic cooperation.

2.2.1 Progress under Trade Agreements

Department of Trade and Investment Policy in consultation with the Department of Commerce has carried out appropriate follow ups to implement tariff revisions under the trade agreements. Accordingly, following progress has been made during the past year with regards to the implementation of trade agreements including Tariff Liberalization Programme (TLP).

2.2.1.1 India - Sri Lanka Free Trade Agreement (ISFTA)

The Indo-Sri Lanka Free Trade Agreement (ISFTA), which was signed on 28th December 1998 and entered into force with effect from 1 March 2000, aims at promoting economic linkages between India and Sri Lanka through enhancement of bilateral trade and investment where the investment has been facilitated by the Bilateral Investment Treaty between Sri Lanka and India. The ISFTA covers only trade in goods and requires the two countries to offer market access for each other's exports on duty free basis or on concessionary basis.

While there has been a reduction in major exports such as vegetable oil, primary copper, margarine, marbles and pepper, a variety of other products have gained market access to India. They include insulated wires and cables, poultry feeds, pneumatic tyres, ceramics, apparel, furniture, air conditioners and coolers, measuring and checking instruments, glass bottles, processed meat products, Medium Density Fiber (MDF) boards, rubber gloves, thermal papers, tiles, stones and marbles, boilers & machinery parts, iron & steel articles, panel boards & enclosures, sacks and bags etc.

Table 2.1 Total Imports and Exports value under ISFTA for Sri Lanka - 2017 / 2018

2017		2018	
Value of Imports (Rs.Mn)	Value of Exports (Rs.Mn)	Value of Imports (Rs.Mn)	Value of Exports (Rs.Mn)
43,273	72,108	41,273	81,929

Source: Department of Sri Lanka Customs, 2017/2018

The matters under ISFTA are currently discussing at the meetings of Economic and Technical Cooperation Agreement (ETCA). In addition, progressive discussions have been conducted to improve the trade facilitation under the ETCA with participation of stakeholders in collaboration with Department of Commerce.

2.2.1.2 Pakistan - Sri Lanka Free Trade Agreement (PSFTA)

The Pakistan Sri Lanka Free Trade Agreement (PSFTA), which came into force on 12th June 2005, a substantial improvement in trade has been recorded since the Agreement came into force. Pakistan implemented its final phasing out commitment in March 2009 and Sri Lanka has now duty free market access for more than 4500 products. Sri Lanka has also completed all her phasing out commitments in November 2010.

Sri Lanka's main exports to Pakistan include pepper, beedi leaves, betel leaves, coconut shell pieces, natural rubber, coconuts & cashew nuts in fresh or dried, wood & articles of wood, edible vegetables and tea. A range of new products have also penetrated into the Pakistan market after the implementation of the PSFTA, including fresh pineapple, sports goods, tamarind with seeds, edible oil, porcelain tableware & kitchenware, ceramic tiles, furniture, electrical switches and sockets, herbal cosmetic products and plastic articles, paints, glass paintings, leather products, frozen fish, prawns, lobsters, crabs, cut flowers and foliage, gems & Jewellery and aquarium fish.

Both Countries have completed its phasing out commitment under the tariff liberalization programme and now have the duty free market access for more than 4500 products between countries. The table 2.2 shows the imports and exports between two countries under the PSFTA.

Table 2.2 Total Imports and Exports value under PSFTA for Sri Lanka - 2017 / 2018

2017		2018	
Value of Imports (Rs.Mn)	Value of Exports (Rs.Mn)	Value of Imports (Rs.Mn)	Value of Exports (Rs.Mn)
2,325	9,320	12,062	8,772

Source: Department of Sri Lanka Customs, 2017/2018

Discussions have been conducted with regard to the issues raised on Basmati rice, Potato, Steel and fruit & vegetables with Department of Commerce and other relevant stakeholders.

2.2.1.3 South Asia Free Trade Agreement (SAFTA)

The SAARC Preferential Trading Arrangement (SAPTA) was signed in April 1993 and came in to force in December 1995. The SAPTA aimed at promoting mutual trade and economic cooperation among the member countries through exchange of concessions.

However, the member countries recognized the need to progress beyond a preferential trading arrangement and move towards a higher level of trade and economic cooperation in the region. As a result, the SAARC Council of Ministers signed a framework Agreement on South Asian Free Trade Area (SAFTA) in January 2004 in Islamabad. The SAFTA entered into force on 1st January, 2006.

Under the Tariff Liberalization Programme (TLP) under the SAFTA, the Phase I was completed in 2015. Sri Lanka is committed to liberalize several items of negative list under the phase II of SAFTA Tariff Liberalization Programme. In this respect, remaining list of items coming under Non – Least Developed Countries (NLDCs) have been identified to liberalize under the final stage of phase II. Phase III will be implemented in accordance with the mutual agreement between member countries as arranged in future.

The number of products in the sensitive list and the percentage reduction agreed under Phase III of member countries are tabulated as follows.

2.3 Sensitive List items maintained by each member state in Phase II and percentage agree to reduce in Phase III

Member State	Number of Products in the Original Sensitive Lists	Number of products in the Revised Sensitive Lists (Phase – II)	Percentage Reduction Agreed under phase III
(1)	(2)	(3)	(4)
Afghanistan	1072	850	20%
Bangladesh	1233 (LDCs) 1241 (NLDCs)	987 (LDCs) 993 (NLDCs)	20%
Bhutan	150	156	Not Applicable
India	480 (LDCs) 868 (NLDCs)	25 (LDCs) 614 (NLDCs)	20% for NLDCs only
Maldives	681	154	Not Applicable
Nepal	1257 (LDCs) 1295 (NLDCs)	998 (LDCs) 1036 (NLDCs)	20%
Pakistan	1169	936	20%
Sri Lanka	1042	837 (LDCs) 963 (NLDCs)	10%

Source : SAARC Secretariat

The table 2.4 shows the trade data under the SAFTA in 2017 and 2018.

Table 2.4 Total Imports and Exports value under SAFTA for Sri Lanka - 2017 /2018

2017		2018	
Value of Imports (Rs.Mn)	Value of Exports (Rs.Mn)	Value of Imports (Rs.Mn)	Value of Exports (Rs.Mn)
1,295	8,879	1,215	9,237

Source: Department of Sri Lanka Customs, 2017/2018

2.2.1.4 Asia Pacific Trade Agreement (APTA)

The Asia Pacific Trade Agreement (APTA), formerly known as Bangkok Agreement and was signed in 1975, is one of the Asia's oldest plurilateral preferential trading agreements with six participating States namely Bangladesh, China, India, Laos, Republic of Korea and Sri Lanka.

APTA is a dynamic plurilateral agreement which has been instrumental in producing a favourable outcome to Sri Lanka. It is particularly important for Sri Lanka as it is the only trade agreement that facilitates Sri Lanka to do trade with China and the Republic of Korea.

Coir products, tea, natural rubber, apparel, fish products, activated carbon, wooden furniture, silver jewellery and porcelain ware are Sri Lanka's main exports under the APTA.

In 2017, the 51st Session of the Standing Committee of the APTA was held on 28-29 September in Sri Lanka. All member countries have agreed to implement the 4th round of duty concessions effective from January 1st 2018. At the 4th Round, Sri Lanka agreed to grant further tariff concessions on a list of 143 tariff lines (HS 2012 version) which equals and became 154 tariff lines of HS 2017 version. The 4th Round of Duty Concessions under the APTA has implemented by the Extraordinary gazette number 2062/45 dated 16-03-2018 issued under Revenue Protection Act No.19 of 1962. At present, there are 644 tariff lines (HS 2017 version) with the concession rate after the 4th round of implementation of APTA.

Table 2.5 shows the trade data under the APTA in 2017 and 2018.

Table 2.5 Trade Flow of Sri Lanka under the APTA in 2017 and 2018

2017		2018	
Value of Imports (Rs.Mn)	Value of Exports (Rs.Mn)	Value of Imports (Rs.Mn)	Value of Exports (Rs.Mn)
3,720	24,431	3,076	108,018

Source : Department of Sri Lanka Customs, 2017/2018

2.2.1.5 Sri Lanka Singapore Free Trade Agreement

The government of Sri Lanka and the Government of Singapore entered into a Free Trade Agreement on 23 January 2018. The SLSFTA is an extensive bilateral agreement covering both goods and services in trade and matters pertaining to government procurement and foreign direct investment flows. At the initial phase, 3,539 HS Codes (Tariff Lines) have been declared as a list of duty free goods under the SLSFTA by the Gazette Notification No.2069/2 dated 01st May 2018 and it is being implemented at present.

2.2.1.6 Bay of Bengal Initiatives on Multi - Sectorial Technical and Economic Co-operation (BIMSTEC)

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a regional organization comprising seven Member States lying in the littoral and adjacent areas of the Bay of Bengal constituting a contiguous regional unity. This sub-regional organization came into force on 6 June 1997 through the Bangkok Declaration. It constitutes seven Member States: five deriving from South Asia, including Bangladesh, Bhutan, India, Nepal, Sri Lanka, and two from Southeast Asia, including Myanmar and Thailand. The regional group constitutes a bridge between South and South East Asia and also establish a platform for intra-regional cooperation between SAARC and ASEAN members.

The main objective of BIMSTEC is to promote technological and economic cooperation among south Asian and south East Asian countries along the coast of the bay of Bengal. BIMSTEC is a sector-driven cooperative organization. Starting with six sectors including trade and investment, technology, energy, transport, tourism and fisheries for sectoral cooperation in the late 1997, it expanded to include more sectors including agriculture, public health, poverty alleviation, counter-terrorism, environment, culture, people to people contact and climate change in 2008.

Trade and Investment was one of the initial six sectors of BIMSTEC cooperation. Under this the Framework Agreement on the BIMSTEC Free Trade Area was signed in Phuket, Thailand on 08 February 2004 and came into force on 30 June 2004. BIMSTEC Trade Negotiation Committee was created in 2004 (under the permanent Chairmanship of Sri Lanka) which has since held 20 rounds of negotiations. Trade

Negotiation Committee initiated negotiations on number of Framework Agreements namely, Trade in Goods, Trade in Services, Investment, Cooperation and Mutual Assistance in Customs Matters, Rules of Origin and Operational Certification Procedures, Trade Facilitation.

21st meeting of the BIMSTEC Trade Negotiating Committee (TNC) had been held in Dhaka, Bangladesh on 18-19 November, 2018. In this meeting, it was decided to prepare the offer lists as per modalities agreed at the 19th Meeting of the TNC and transpose the offer list into HS 2017 version. After transposition, it was decided to prepare the schedules of concessions in HS 2017 version on the basis of tariff applied as of 01st August 2017 using the format agreed at the 19th Meeting of the TNC and exchange the schedules by among member countries. In addition, it was decided to use base rates of Tariff Elimination/Reduction which was applicable on 01 August 2017. Also, it was decided that the member states who wish to revise their offer list to do so within the agreed modalities, provided that member states may interchange tariff lines among the tracks up to 10% of the tariff lines from the schedules submitted earlier.

Hence, Sri Lanka's offer list has been revised according to above agreed guidelines by this Department and submitted the draft to the Department of Commerce for further consultation.

2.2.1.7 Proposed Economic and Technical Cooperation Agreement

The 7th round of negotiations for the proposed India-Sri Lanka Economic and Technology Cooperation Agreement was held in December 2017 at Colombo. A joint session of the working groups on general provisions and trade in goods, trade in services and investment was held to discuss the common issues of relevance. And also discussed about the effective steps to ensure that no undue advantage of the trade arrangements between the two countries is taken.

Four rounds of negotiations (8th, 9th, 10th and 11th) were held for the proposed India-Sri Lanka Economic and Technology Cooperation Agreement in 2018. 8th round of negotiations was held 21st – 23rd February 2018 New Delhi, India. Working groups on General Provisions and Trade in Goods, Trade Remedies, Rules of Origin, Customs Procedures and Trade Facilitation, Trade in Services, Investment, Economic and Technology Cooperation, Dispute Settlement, General Exceptions and Final Provisions, and SPS and TBT carried out discussions during the negotiations. 9th round of negotiations was held 23rd – 25th May 2018 Colombo, Sri Lanka. During the negotiations both sides had initial discussion on the TLP profile of the ISFTA with a view to create a common understanding prior to the commencement of negotiations on scope and level of tariff liberalization programme. 10th round of negotiations was held 2nd – 4th August 2018 New Delhi, India. Both sides had initial discussion on the ambition level being targeted for goods in the ETCA and both sides agreed to exchange the requests lists before the next Round of Negotiations, which could be the basis for further discussion on the ambition level, during the 10th round negotiations. 11th round of negotiations was held 3rd – 5th October 2018 Colombo, Sri Lanka. During the 11th round negotiations both sides agreed that tariff lines to be liberalized in the Negative List under the Agreement should be identified at 8-digit level. It was also agreed that the Request Lists would be drawn up on the basis of national tariff

lines of the country, from which the concessions are being sought. And also discussed about the effective steps to ensure that no undue advantage of the trade arrangements between the two countries is taken.

2.2.1.8 Proposed China - Sri Lanka Free Trade Agreement

On completion of joint feasibility study between China and Sri Lanka in March 2014, the results of the feasibility study showed that the construction of the China-Sri Lanka FTA would contribute to further deepening bilateral economic and trade relations, and accord with the benefits of the two countries.

In 2017, the 5th and 6th rounds of China-Sri Lanka FTA negotiation was held. The two sides exchanged views on issues concerning trade in goods, trade in service, investment, economic and technical cooperation, rule of origin, customs procedures and trade facilitation, technical barriers to trade (TBT), sanitary and phytosanitary measures (SPS) and trade remedy.

In 2018, negotiations has not been progressed, however there were internal meetings held to discuss way forward of Proposed China - Sri Lanka Free Trade Agreement in National Trade Negotiation Committee Meeting with the participation of Ministry of Development Strategies and International Trade.

2.2.1.9 Proposed Sri Lanka Thailand Free Trade Agreement

1st round of negotiations of Sri Lanka-Thailand (SLTFTA) was held in Colombo on 13th July 2018, following the launch of FTA negotiations on 12th July by heads of states of the both countries, during the visit of honourable prime minister of Thailand. During the 1st round of negotiations, both sides agreed on the structure of the SLTFTA, establishment of nine working groups & scope of the working groups, and work plan for the SLTFTA meetings. Also agreed to exchange information on tariff, duties and charges currently imposed on import of goods, import and export data, non-tariff measures and applicable trade policy on each tariff line/quota/licences prior to the 2nd round, to facilitate and provide the basis on which the modality for tariff reduction can be considered at future rounds.

The 2nd round of negotiations of SLTFTA was held on 19-21 September 2018 in Bangkok, Thailand. During the 2nd round all working groups held discussions except for customs procedures and trade facilitation and intellectual property rights. As per the observations of the H.E. the president, the directions were given by the cabinet of ministers in parallel to the negotiations to carry out further study to identify the benefits of the SLTFTA to the economy and obtain recommendations on various scenarios that can used to maximize the benefits to the country.

2.2.1.10 Proposed Bangladesh – Sri Lanka Free Trade Agreement (BSLFTA)

Bilateral trade between Sri Lanka and Bangladesh exceeded US\$ 160 million in 2017 and Trade Balance between Sri Lanka and Bangladesh is US\$ 81 million. It is continuously growing so far as a result of this, there is a trade surplus in favor of Sri Lankan way. The rapid growth of trade has been accompanied by a change in the composition of export commodities.

In addition, further noted that existing other agreements namely Asia Pacific Trade Agreement (APTA) and South Asian Free Trade Agreements (SAFTA) of which the both partner countries are underutilized even though the both agreements have extended significant coverage of tariff reduction. Therefore, conducting of joint feasibility study is required to assess the feasibility of the proposed FTA between these two countries as well as to identify the possible areas of cooperation, if any FTA to be negotiated.

In order to strengthen and enhance the bilateral trade and the economic relations, the Memorandum of Understanding (MoU) on Economic Partnership was signed between Sri Lanka and Bangladesh on July 14, 2017, in Dhaka Bangladesh.

Both sides started the Joint Feasibility Study (JFS) based on agreed Table of Content (TOC). The JFS will be completed within February 2019 and its report will be submitted by early March 2019.

2.2.2. International Trade under FTAs

The Table 2.6 shows the trade details under the Trade Agreement of Sri Lanka in 2018.

Table 2.6 Imports and Exports under Trade Agreements by Sri Lanka in 2018

No	Trade Agreement	CIF Value of Imports (Rs. Mn)	FOB Value of Exports (Rs. Mn)
1	India Sri Lanka Free Trade Agreement (ISFTA)	41,273	81,929
2	Pakistan Sri Lanka Free Trade Agreement (PSFTA)	12,062	8,772
3	South Asia Free Trade Agreement (SAFTA)	1,215	9,237
4	Asia Pacific Trade Agreement (APTA)	3,076	108,018
Total		57,626	207,956

Source: Department of Sri Lanka Customs, 2018

2.3 Trade Facilitation

Trade Facilitation generally contains five essential features namely simplification of trade procedures and documentation, harmonization of the trade practices and rules, transparent information and procedures of international flows, recourse to new technologies to promote international trade and more secured means of payment for international commerce. The goal of Trade Facilitation is to make trade transactions easier, quicker, more efficient and less costly, thereby easing trade flows. By making it easier to export and import goods and services, Trade Facilitation measures also increase a developing country's attractiveness for foreign direct investment. In a global economic system that is increasingly linked in Global Value Chains, the facilitation of cross-border is of critical importance.

The Trade Facilitation Agreement (TFA) of World Trade Organization (WTO) aims at streamlining, harmonizing and modernizing customs procedures. It contains provision for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between the authorities involved in cross border trade. The TFA will help improve transparency, increase possibilities to participate in global value chains and reduce the scope for delays and circumvention.

TFA contains three sections. Section I covers 12 different articles and contains provisions for expediting the movement, release and clearance of goods, including goods in transit. Section II of the TFA recognizes the difficulties that developing and least developed countries (LDC) would face in implementing the provisions of the Agreements and it provides Special and Differential (S&D) Treatment for developing countries and LDCs. These S&D provisions allow all developing countries to determine when to implement their commitments and notify them to WTO in three categories namely category A, B & C. Section three contains provision for formation of a permanent committee on trade facilitation at the WTO and member countries establish national committees to facilitate domestic coordination and implementation of the agreement conditions.

The TFA contains several provisions relating to number of Customs clearance procedures. The key areas covered by the Agreement include; (a) Norms for the publication of laws, regulations and procedures (Including internet publications) relating to Customs clearance procedures (b) Provision for advance rulings (c) Disciplines on fees and charges on penalties (d) Pre-arrival processing of goods (e) Use of electronic payments (f) Guarantees to allow rapid release of goods (g) Use of “authorized operators” schemes (h) Procedures to expedite shipments (i) Faster release of perishable goods (j) Reduced documents and formalities with common customs standards (k) Promotion of the use of a single window (l) Uniformity of boarder procedures (m) Temporary admission of goods (n) Simplified transit procedures and (o) Provisions for customs cooperation and coordination.

The Government has set priority to improve the trade facilitation measures in line with the Trade Facilitation Agreement to enhance trade and increase its share in international trade with a view to generate employment and to achieve the anticipated economic development. In this regard, the National Trade

Facilitation Committee (NTFC) was established in 2016 in line with the Sri Lanka's commitment to the WTO under the Trade Facilitation Agreement to facilitate domestic coordination and implementation of the provisions of the Trade Facilitation Agreement.

The NTFC is chaired by the Director General of Sri Lanka Customs and co-chaired by the Director General of the Department of Commerce, is a 23 member committee representing the public (16 Heads of border regulatory agencies) and private sectors (7 representatives from chambers of commerce). The Department of Trade and Investment Policy is representing the Ministry of Finance and Mass Media at the NTFC of Sri Lanka. A Secretariat to the NTFC has been established with the assistance of the World Bank Group to support the NTFC ensuring effective coordination and implementation of the TFA and any other trade facilitation initiatives in Sri Lanka.

A detailed action plan for TFA implementation was developed by the NTFC Secretariat in consultation with all relevant border regulatory agencies. The plan document consists of a consolidated plan as well as agency specific plans for all NTFC implementing agencies. The measures/activities in this plan have been prioritized and sequenced. The plan is for five (5) years (from 2018 to 2022). This planning exercise was assisted by the World Bank Group and International Trade Center (ITC).

Sri Lanka has finalized its implementation schedule under the WTO TFA with categories of A, B and C and already submitted to the WTO. Category 'A' include the provisions that the member will implement by the time the Agreement enters into force. Category 'B' includes provisions that the member will implement after a transitional period following the entry into force of the Agreement and Category 'C' includes provisions that the member will implement on a date after a transitional period following the entry into force of the Agreement and requiring the acquisition of assistance and support for capacity building. Sri Lanka is receiving technical assistance and capacity building support from the World Bank Group and International Trade Centre for implementation of its commitments under the categories B and C under the Trade Facilitation Agreement.

The National Single Window (NSW) and the Trade Information Portal (TIP) are among the key priorities of the TFA action plan. Trade Information Portal (TIP) was established in July 2018. The Sri Lanka Trade information portal is the single stop point for all information relating to import and export to and from Sri Lanka. This Trade information Portal is hosted by the Department of Commerce on behalf of all the Government and semi-government agencies involved in the import/export process including Ministry of Finance and Mass Media. Moreover, to the availability of updated tariff and tax related information on the web sites of Ministry of Finance and Mass Media (www.treasury.gov.lk), Sri Lanka Customs (www.customs.gov.lk), Department of Government Printing (www.documents.gov.lk), Comprehensive information is available on the web site of Sri Lanka Trade Information Portal (<https://srilankatradeportal.com>).

Further, Ministry of Finance and Mass Media has announced policy decisions which has been taken to facilitate the cross border trade and implemented. Progress of Implementing Proposals relating to Trade Facilitation in Budget 2018 as follows;

a) Implementation of Vehicle Emission Standards and Safety Measures/Standards

As per the Proposal No. 19 together with item No. 15 & 16 of the Technical notes of Budget Speech 2018, the proposal has been implemented.

Proposal No 19 - Emission and safety standards will be introduced together with the revisions in the pre-shipment certificates on vehicle imports.

Technical Notes 15 - Importation of Motor Vehicles below the Emission Standard of the EURO 4 or its equivalent will be prohibited effective from January 01, 2018 in line with the health and environmental safeguard measures.

Technical Notes 16 - Importation of Motor Vehicles, which are not complied with the safety measures namely (a) Air Bags for driver and the front passenger, (b) Anti-Locking Breaking System (ABS) and (c) Three Point Seat Belts for driver and the passengers travelling in the front and rear seats, will be prohibited effective from January 01, 2018 in line with the safety of passengers / travelers.

Accordingly, Department of Trade and Investment Policy conducted series of meetings with relevant stakeholders to finalize the regulations under the implementation of Vehicle Emission Standards and Safety Measures/ Standards. Subsequently, couple of press releases were made by Ministry of Finance to aware the public with regard to the new regulations including relevant HS wise details. Two operation instructions and following four Gazette Notifications were published by relevant stakeholders in order to implement the regulations.

- Gazette Notification No. 2079/42 dated July 12, 2018 and No. 2083/3 dated August 06, 2018 – issued by Ministry of Mahaweli Development and Environment
- Gazette Notification No. 2079/70 dated July 13, 2018 and No. 2083/37 dated August 10, 2018 – issued by Department of Import and Export Control

b) Granting Bonding Facilities for Large Scale Pharmaceutical Investments, Dairy Industry and Solid Waste Management Ventures

Proposal No 99 of the Budget Speech 2018 - Grant tax concessions on imported capital goods through bonding facilities during the construction period for large scale pharmaceutical investments, dairy industry and solid waste management ventures

Accordingly, Department of Trade and Investment Policy conducted series of meetings with relevant stakeholders to finalize the regulations for granting Bonding Facility for Pharmaceutical, Dairy and Solid

Waste Management and Renewable Energy sectors. Subsequently, the Gazette Notification No. 2088/33 dated August 10, 2018 was issued to implement this proposal.

c) Facilitate Business to Consumer E - Commerce Transactions (B to C)

Proposal No 95 of the Budget Speech 2018 - In order to meet the growing demand and to facilitate Business to Consumer ecommerce transactions (B to C), the BOI and the Customs Department will establish a procedure by 1st January 2018, to effect such transactions

Accordingly, Department of Trade and Investment Policy conducted twelve meetings with relevant stakeholders on Business to Consumer (B2C) E-Commerce transactions to develop regulations and Gazette Notification No. 2077/46 dated June 29, 2018 was issued.

d) Loan to Value (LTV) Ratio for Credit Facilities Granted in Respect of Motor Vehicles

Proposal No 18 of the Budget Speech 2018 - The loan to value (LTV) ratio for the electric busses and three wheelers will be revised to 90/10. This will be extended for domestically assembled electric three wheelers, cars and busses, as well

As per the request made by Central Bank of Sri Lanka, Ministry of Finance and Mass Media has given the clarification in line with the objective of the Budget Proposal on implementation of Loan to Value (LTV) Ratio for credit facilities granted in respect of motor vehicles, enabling to facilitate Central Bank of Sri Lanka to issue necessary directives. Banking Act Directions No 01 of 2018 as amended time to time were issued by Central Bank of Sri Lanka to implement this proposal.

2.4 Import Tariff Structure

Table 2.7 Tariff Structure as at December 31st, 2018

No	Tariff Rate	No. of Tariff Lines (HS 2017 : 8 Digits)	Percentage
1	Free	4,064	54.5
2	5%	2	0.0
3	10%	9	0.1
4	15%	1,542	20.7
5	25%	25	0.3
6	30%	1,459	19.6
7	75%	03	0.0
8	85%	00	0.00
9	125%	05	0.1
10	Specific	76	1.0
11	Specific & Ad-valorem	275	3.7
Total		7,460	100.0

Source: Department of Trade and Investment Policy, 2018

Table 2.8 Changes made in Tariff Structure from 2011 to 2018

No	Tariff Bands	No. of Tariff Lines (8 digits)							
		2018	2017	2016	2015	2014	2013	2012	2011
1	Free	4,064	4,064	3,938	3,922	3,410	3,379	3,024	3,024
2	2.5%								
3	5%	2	2	2				410	412
4	6%								
5	7.5%					188	184		
6	10%	9	9	9					
7	15%	1,542	1,534	1,309	1,324	1,601	1,590	1,587	1,508
8	25%	25	25	25		1,450	1,415		
9	28%								
10	30%	1,459	1,454	1,430	1,457			1,504	1,323
11	Luxury Rates	8	9	9	9	9	9	9	9
12	Specific/ Unit Rates	76	72	65	67	84	84	84	77
13	Specific or Ad-valorem	275	269	255	186	184	183	200	162
Total		7,460	7,438	7,042	6,965	6,926	6,844	6,818	6,515

Source: Department of Trade and Investment Policy, 2018

2.4.1 Newly Created National Sub Division's (NSDs) to the Harmonized System in 2018

In 2018, total no. of 32 National Sub Divisions were locally created to facilitate the trade, investment and industry as summarized in the following table.

Table 2.9 Newly Created NSDs to the Harmonized System in 2018

No	HS Code	Description
1	05119140	Cuttle fish, squid and milkfish (chano) in small sizes, unfit for human consumption and certified by the Ministry of Fisheries and Aquatic Resources Development for use as fishing baits
2	22029951	Sugar contents of which is more than 6g per 100ml
3	22029959	Other
4	22029961	Sugar contents of which is more than 6g per 100ml
5	22029969	Other
6	22029970	Beverages based on cereal, grain or tree nuts
7	22029991	Sugar contents of which is more than 6g per 100ml
8	22029999	Other

9	27101221	Petrol having Octane number of 92
10	27101222	Petrol having Octane number of 95
11	27101229	Other
12	27101941	Super Diesel that contains sulphur not exceeding 10 mg/kg (ppm)
13	27101942	Other Diesel that contains sulphur exceeding 10 mg/kg (ppm) but not exceeding 500mg/kg (ppm)
14	27101949	Other
15	38231920	Palm Oil fatty acids
16	38231930	Tallow fatty acids
17	39205191	Of which thickness not less than 100 mm
18	39205199	Other
19	39206311	Of bio - degradable and compostable plastic approved by the Central Environment Authority and the SLSI
20	39206319	Other
21	39206391	Of bio - degradable and compostable plastic approved by the Central Environment Authority and the SLSI
22	39206399	Other
23	39206911	Of bio - degradable and compostable plastic approved by the Central Environment Authority and the SLSI
24	39206919	Other
25	39206991	Of bio - degradable and compostable plastic approved by the Central Environment Authority and the SLSI
26	39206999	Other
27	39231050	Of bio - degradable and compostable plastic approved by the Central Environment Authority and the SLSI
28	39232930	Of bio - degradable and compostable plastic approved by the Central Environment Authority and the SLSI
29	39241010	Of bio - degradable and compostable plastic approved by the Central Environment Authority and the SLSI
30	39241090	Of other plastics
31	65050010	Hair – nets of any material, whether or not lined or trimmed
32	65050090	Other

Source: Department of Trade and Investment Policy, 2018

2.4.2 Revisions made under Revenue Protection Act No. 19 of 1962

The details of Revenue Protection Order, published under Act No. 19 of 1962 (Customs Import Duty) are in the following table. In 2018, a total of 09 orders were made under Revenue Protection Act to facilitate the trade and Industry.

Table 2.10 Revenue Protection Act No 19 of 1962 (Customs Import Duty Changes)

No	RPO No. Description	Gazette No. & Date	Effective Date	Description
1.	RPO/01/2018	2062/45 of 16.03.2018	17.03.2018	<p>Giving effect to the decision of the Cabinet of Ministers that has been granted in relevant to the Cabinet Memorandum No.18/009/719/002 dated 30.01.2018, for the implementation of 4th round tax concessions under the Asia Pacific Trade Agreement, the import duty for selected goods (for 154 HS Codes) under the 4th round of the same trade agreement has been revised by this Gazette Notification.</p> <p>In addition, creation of new HS codes for Acrylic Panels required for the ornamental fish industry, small fish used as fishing baits, hair nets and bio degradable and compostable plastic material, removal of 15% duty on Alfalfa used as forage for milking cows, revision of the duty rate imposed on imported lottery tickets and telephone cards as 30% or Rs. 350/- per kg instead of 30% duty rate for the purpose of preventing undervalued importation of these goods have also been made by this Gazette Notification.</p>
2	RPO/02/2018	2067/2 of 17.04.2018	18.04.2018	<p>Increased duty on importation of gold from zero to 15% considering the year 2018, gold has been imported in large quantities and as reported by the Central Bank of Sri Lanka this has affected the exchange rate and reported the illegal transportation of gold to other countries.</p>

3	RPO/03/2018	2069/2 of 01.05.2018	01.05.2018	As per the Cabinet Paper No. 18/0104/752/004 dated 16.01.2018 presented to the Cabinet of Ministers it has been agreed to remove import duty of 3,719 HS Codes under the Singapore -Sri Lanka Free Trade Agreement. By publishing this order, except 180 HS Codes, balance list of HS Codes 3,539 have been declared as the duty free list of goods under the Singapore - Sri Lanka Free Trade Agreement.
4	RPO/04/2018	2069/19 of 02.05.2018	03.05.2018	Actions were taken to impose Customs Import Duty on Beedi Leaves and Beedi Tobacco with effect from May 03, 2018 on weight in addition to the percentage basis aiming at limiting the loss occurred to the government revenue due to importation of Beedi Leaves and Beedi Tobacco undervalued.
5	RPO/05/2018	2071/15 of 15.05.2018	16.05.2018	With the introduction of Fuel Price Formula for the local market, it was decided to introduce import duty separately for Petrol as Petrol having Octane number of 92 and 95 and for Diesel as Super Diesel and other Diesel. By this Gazette Notification Customs Import Duty for fuel has been revised and declared in line with the Fuel Price Formula creating new customs codes with effect from 16th May 2018.
6	RPO/06/2018	2079/32 of 10.07.2018	11.07.2018	Considering the request made by local fruit juice manufactures, created new HS Codes for product of fruit juice more than 6g per 100ml (Generally natural sugar in a fruit juice product is 6g per liter) for the apply on excise duty introduced by Budget proposal 2018. And revised the duty on importation of Beedi Leaves as per the previous (before 03.05.2018) duty rate 30% or Rs.250 per Kg. to reducing the local manufactures production cost.

7	RPO/07/2018	2080/42 of 19.07.2018	20.07.2018	The implementation of the Tariff Liberalization programme of Sri Lanka – Singapore FTA has been effective from May 01,2018 and RPO has been issued except for 182 items as they were subject to the changes done earlier. The above remaining 182 items has been granted the market access as Customs Import Duty free basis under Sri Lanka – Singapore FTA.
8	RPO/08/2018	2092/8 of 08.10.2018	09.10.2018	Considering the equal playing field for local soap, manufactures with importers have created new HS Codes for Palm oil fatty acids and Tallow fatty acids. In addition, revised the Customs Import Duty for the protection of local producers from the possible under valuation of importation on squatting pans.
9	RPO/09/2018	2097/36 of 15.11.2018	16.11.2018	CID on importation of petrol has revised Rs.35 per L, considering the excess margin between the formulas based retail prices and policy price to collect the government revenue.

Source: Department of Trade and Investment Policy, 2018

2.4.3 Special Commodity Levy (SCL) Act No. 48 of 2007

The SCL as a single composite levy on imports of selected special commodities has also been imposed in 2018 with appropriate revisions by publishing Gazette Notifications on the basis of legislative provisions under the Special Commodity Levy Act No. 48 of 2007. Regular revisions were made in order to maintain affordable prices for consumers while facilitating the local producers during the harvesting season (e.g. Potatoes, Red Onions and B-Onions) a total of 26 orders were made under the Special Commodity Levy Act in 2018 to promote its objectives as in the following table.

Table 2.11 Duty Revisions under Special Commodity Levy Act No. 48 of 2007

No	Gazette No & Date	Effective Date	Items	Duty Revisions
1	2054/40 18.01.2018	19.01.2018	Grated or Powdered Cheese, Maldivian Fish, Black gram, Chillies, Coriander, Turmeric, Black gram flour, Canned Fish	Introduced concessionary duty for Grated or Powdered Cheese for the use of Bakery industry and extended the validity period of the existing SCL duty on 7 items for a further period of 6 months.
2	2056/33 31.01.2018	01.02.2018	Maize	As per decision of the CCEM, SCL Duty of Rs. 10/Kg was introduced on the importation of Maize to facilitate production of poultry feed for the period of 6 months. It has been expired on January 31, 2018. Therefore, decision of the Cost of Living Committee on importation Maize was Continued one month till local production will be come to the market.
3	2058/30 15.02.2018	16.02.2018	Sugar	Extended validity period with the prevailing duty rates for 6 months considering the price stability of the local Market
4	2059/52 23.02.2018	24.02.2018	Potatoes	Considering the local production, increased the SCL Duty of Rs 1/-Kg to 30/ Kg on importation of Potatoes to effect from one month period to protect the local farmers.
5	2061/22 07.03.2018	08.03.2018	Mackerel Fish, Peas, Chickpeas, Cowpea, Kurakkan	Extended validity period with the prevailing duty rates for 6 months considering the price stability of the local Market and local canned fish industry.
6	2063/13	20.03.2018	Black Gram	Increased the duty Rs.60 per Kg to Rs. 100 per Kg on importation of Black

	19.03.2018			gram in order to ensure a reasonable price to local farmers.
7	2064/49 01.04.2018	01.04.2018	Potatoes, Rice, Yogurt, Butter, Garlic, Oranges, Grapes, Apples, Mathe seed, Kurakkan flour Ground nut, Mustard seed, Salt	On the recommendation of the Cost of Living Committee, extended validity period with the prevailing duty rates for 3months on importation of Potatoes, extended validity period with the prevailing concessionary duty rates for 31 days on importation of Rice and extended validity period with the prevailing duty rates for 6 months on importation of other items.
8	2069/18 01.05.2018	02.05.2018	Potatoes , B onions	On the recommendation of the Cost of Living Committee and considering the market price and protect the local farmers, increased the duty on importation of Potato Rs.30 per Kg to Rs. 40 per Kg and Rs.1 per Kg to Rs. 40 per Kg on importation of B onions
9	2070/2 08.05.2018	08.05.2018	Fish, Green Gram Mangoosteen,Dried Orange Pears, Cherris, Plums Kiwi fruit,Other Fruits Sprats, Dried Fish	Extend validity period of the existing SCL duty on 11 items for another period of 6 months
10	2070/6 09.05.2018	09.05.2018	Lentils	Considering the international market price, Cabinet Sub Committee on Cost of Living recommended to increase the duty on importation of Whole lentils Rs.1 per Kg to Rs. 7 per Kg and Rs.3 per Kg to Rs.12 per Kg on importation of Split Lentils
11	2071/85 20.05.2018	21.05.2018	Red Onion Dates, Dried Grapes Cumin Fennel, Margarine	Extend validity period of the existing SCL duty on 6 items for another period of 6 months

12	2073/37 2018.05.31	01.06.2018	Vegetable oils	Increased by Rs.20/kg considering the stabilization of prevailing market price of the coconut and related products compare with the end of last year.
13	2075/31 14.06.2018	14.06.2018	Sail, Marlin, Thora Fish, Coconut Kernel and Black gram	Extended the validity period for selected fish varieties and Coconut Kernel. Considering the decision of the cost of living committee, increased the duty of Rs.100 per kg on importation of Black gram to 150 per kg to protect the local farmers.
14	2080/36 18.07.2018	19.07.2018	Grated or Powdered Cheese Maldives Fish, Chilies, Coriander, Turmeric, Black gram flour, Canned Fish	Extend validity period of the existing SCL duty on 7 items for another period of one year
15	2082/31 01.08.2018	01.08.2018	All fish varieties	Reduced the duty rate on importation of all fish varieties 10% or Rs.100 per Kg to Rs 25/- for the validity period of two months. It is facilitate to Sri Lanka Customs for the imposition of two SCL rates on fish varieties has been created difficulty of inspection of imports as these types of fish is frozen with the ice.
16	2083/9 2018.08.08	09.08.2018	Maize	Introduce the SCL of 10/- Kg on importation of Maize for the period of 6 months in order to ensure a supply of required additional maize quantity for animal feed with the recommendation of Ministry of Agriculture.
17	2084/30 16.08.2018	16.08.2018	Sugar	Extend validity period of the existing SCL duty on Sugar (White Sugar Rs.31/-, Brown/ Raw Sugar 33) for another period of 6 months.

	2085/36 25.08.2018	25.08.2018	Vegetable/Edible oils	Increased the duty on importation of Edible oils by Rs. 20/- Kg considering the down ward trend of international market price and local coconut price reduction.
19	2087/76 07.09.2018	07.09.2018	Mackerel Fish, Peas, Chickpeas, Cowpea, Kurakkan	Extended validity period with the prevailing duty rates for one year considering the price stability of the local Market and local canned fish industry.
20	2089/19 17.09.2018	18.09.2018	Sugar	SCL removed (Introduce Excise duty Rs.30 Per Kg and applied CID, PAL and NBT).
21	2090/47 29.09.2018	01.10.2018	Fish, Yogurt, Butter, Garlic, Oranges, Grapes, Apples, Mathe seed, Kurakkan flour, Ground nuts, Mustard seed, Salt	Increased SCL duty on importation of all fish varieties from Rs.25. per kg to 10% or Rs.100 per kg and continued with existing SCL rates on other 11 items for the period of one year.
22	2095/16 01.11.2018	02.11.2018	Potatoes , B onions	Extended the validity period for the 31 days to protection of local farmers
23	2095/21 01.11.2018	02.11.2018	Chickpeas, Black gram, Lentils and Sugar	Reduce the duty rates for importation of Chickpeas, and lentils by Rs.5 and Black gram by Rs.25 per kg, the reduction of cost of living and re-impose SCL Duty Rs. 32 per kg for white Sugar and Rs.35 per kg for brown Sugar.
24	2096/21 07.11.2018	08.11.2018	Green gram, Mangoesteen, dried orange, Pears, cherries, Plams, Kiwifruit, pomegranate, Sprats ,Dried fish	Extend validity period of the existing SCL duty on 10 items for another period of one year.
25	2098/27 23.11.2018	24.11.2018	Watana	Reduce the duty rates for importation of watana by Rs.10 per kg, for the reduction of cost of living.

26	2100/2 03.12.2018	03.12.2018	Potatoes , B onions	Reduce the duty rates for importation of Potatoes and B onions by Rs.20 per kg, for the reduction of cost of living and considering the low harvesting in local producers in
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Source: Department of Trade and Investment Policy, 2018

2.5 Bonded Warehouses

A bonded warehouse, or bond, is a building or other secured area in which dutiable goods may be stored, manipulated, or undergo manufacturing operations without payment of duty. It may be managed by the state or by private enterprise.

In terms of the provisions in Section 69 of the Customs Ordinance, the Director General of Customs may appoint warehouse or place, after obtaining the approval of Minister of Finance, for imported goods to be warehoused or kept as bonded cargo, having secured the duty and other levies for specific purposes under specific conditions.

Under the provisions of Section 84 of the Customs Ordinance, it shall be lawful for the Director General of Customs, in the interest of economic development of the country to permit the processing, manufacture or assembly of any goods in any warehouse approved under Section 69 of the Customs Ordinance. Presently, the following categories of bonds exist;

- Bonds for supply of goods including sugar and rice for home use and re-export
- Bonds for supply of goods to Export Oriented Enterprises
- Service Bonds, Feeder Bonds and Duty Free Shops at Seaport or Airport
- Bonds for supply of goods to Ships/Air Crafts
- Bonds under Customs Manufacture- in- Bond Scheme
- Bonds for Multi Country Consolidation
- Bonds for clearance of Unaccompanied Passenger Baggage (UPB)
- Bonds for clearance of express cargo (Courier)

The applications received for the establishment or relocation of bonded facility are recommended by the Director General of Customs and submitted to this Department for the approval of the Hon. Minister of Finance.

2.6 Central Bank Matters

Exchange Control Act No. 24 of 1953 was repealed in November 2017 and hence Requests for Outward Investments, divestments from outside Sri Lanka and appeals from investors, Authorized Dealers, Money Exchangers, etc. to annul/reduce the penalty imposed by the then Exchange Control Department for contravention of the provisions of Exchange Control Act No. 24 of 1953 had not received by this Department. However, as per the provisions of New Foreign Exchange Act, with the recommendation of Central Bank of Sri Lanka, this Department has facilitated to get the approval of Hon. Minister of Finance and Mass Media for six (06) investors, Government of Sri Lanka in four (04) times and three (03) State Banks to obtain loans from foreign sources. Details are shown in the Table No 2.12

Table 2.12 Permissions granted by the Hon. Minister as per the the provisions of the Foreign Exchange Act No 12 of 2017

	Name	Amount	Reason	Section	Remarks (GOSL/ Private)
1	For Siam City Cement (Lanka) Pvt Ltd of Sri Lanka (SLPL) to credit the proceeds of the loan, amounting to USD 4 mn to be obtained from Standard Chartered Bank, Dubai International Financial Centre Branch, directly to the account of SLPL.	USD 4 mn			Private
	For Tree of Life (Pvt) Ltd of Sri Lanka (TLPL) to credit the proceeds of the loan, amounting to JPY 120 mn to be obtained from Seibushinkin Bank in Tokyo, directly to the account of TLPL.	JPY 120 mn			Private
	For The Tea Trust Company (Pvt) Ltd (TTCP) to credit the proceeds of the loan amounting to USD 400,000/- by be obtained from Mr. Reg Amin Abeed of Iraq, shareholder of TTCP (Mr. Abeed is unable to transfer funds from Iraq to his IIA due to a regulation barrier in Iraq), directly to the account of TTCP.	USD 400,000			Private
	For Peace Air (Pvt) Ltd (PPL) to credit the proceeds of the loan amounting to USD 2 bn to be obtained from PNC Bank of United States of America, directly to the account of PPL.	USD 2 bn			Private
2	Unaccredited Bank Australia AG (UBAA)	Euro 4,928,000		No. 1 of 2017 published under the Section 7(1) of the	GOSL

	Hong Kong and Shanghai Banking Cooperation Limited of Hong Kong (HSBC)	USD 79,787,506.80		Foreign Exchange Act No. 12 of 2017 (FEA) in the Government Gazette Notification No. 2045/56 dated 17 November 2017 (Section 29 read with Section 7)	GOSL
3	Hong Kong and Shanghai Banking Cooperation Limited of Hong Kong (HSBC)	USD 72,250,000	for upgrading health facilities is selected hospitals.	do	GOSL
4	China Development Bank (CDB) to exempt the CDB from the requirement of opening an inward Investment account (IIA) to route the loan proceeds	USD 1000 Mn.	Not Mentioned	do	
5	China National Chemical Engineering No.14 Construction Limited of China (CNCEC)	USD 43.775 mn	for the project of developing and upgrading of aviation refueling terminal and the existing fuel hydrant system and installation of a fuel hydrant system at new apron-E in par with phase 11 stage 2 development project of Bandaranaike International Airport.	do	
	People's Bank (PB)	USD 7.725 mn		do	

6	Citizen Development Business Finance PLC (CDBF) to borrow from OPEC Fund	USD10 mn	for International Development (OFID) and receive the loan proceeds directly from OFID to the Business Foreign Currency Account (BFCA) to be opened and maintained in Sri Lanka by CDBF	do	
7	National Saving Bank (NSB) to obtain a credit facility of from the Commerzbank AG of Germany (CB) without routing the loan proceeds and repayments through an Inward Investment account (IIA) of CB	USD100mn.	Not Mentioned	do	
8	Tree of Life (Pvt) Ltd (TLPL) to obtain a loan of JPY 40.0 mn from The Seibushinkin Bank of Japan (SBJ) with an interest of 2% per annum	JPY 40.00	Plan to develop and further expand their business	do	Private
9	M/s Bata Shoe Company of Ceylon Limited (BSCCL) from its parent company, BAFIN (NETHERLANDS) B.V., The Netherlands (BNBV) on an interest free basis and without routing the loan proceeds and repayment through an Inward Investment Account	USD 600,000		do	Private
10	to borrow USD equivalent of GBP 39,471,355.44 from the Deutsche Bank AG London Branch (DB), MUFG Bank Ltd (previously known as the Bank of Tokyo – Mitsubishi UFG Ltd (TMUL) and Export Credit Guarantee Department (ECGD) of United Kingdom as an export	GBP 39,471,355.44	to be utilized for continuing the on-going project which was implemented in 2014 to 2015 to construct bridges in the country to	do	GOSL

	<p>credit facility</p> <p>to borrow USD equivalent of GBP 9,867,838.86 from DB as a commercial facility</p>	<p>GBP 9,867,838.86</p>	<p>develop the rural areas improve connectivity to towns/urban areas, increase the safety of people during flooding, enhance community relations and link rural communities.</p>		
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2.7 Customs Cases

In terms of the provision of the section 164 and 165 of the Customs ordinance, Hon. Minister has Authority to consider the appeals made by an aggrieved party. Accordingly, TIPD performed following activities with regards to the appeals which were submitted against the custom orders, matters related to illegal Imports and Exports, etc.

No. of Appeals Received	: 42
No. of Observations called	: 46
No. of reports submitted to the Minister	: 24
No. of decision (of Hon. Minister) conveyed	: 19

2.8 Court Cases

Decision or Action Taken under the Custom Ordinance, Special Commodity Levy at an Revenue Protection Act are challenge by affected parties in the Court of law as per the relevant legal provision. TIPD Performs to submit observations and other connected activities with regards to court cases which have been filed against the department or Ministry of Finance. The Present court cases are related to trade, permits, Taxes, FTA etc. as per court proceedings, no. of observations prepared were 11 and No. of cases attended were 24.

2.9 The Special Scheme Projects

2.9.1 Scheme for the Public Officers to Import Vehicles under Concessionary Terms

Trade and Investment Policy Circular No. 01/ 2018 was issued in February 15, 2018 and two amendments; 01/2018 (1) and 01/2018 (2) were issued in June 08, 2018 and September 11, 2018 respectively in order to revise the eligible service period and applicable Duties. 746 Permits were issued under the said Circular to the officers served in Ministry of Finance and Mass Media and the Departments and other statutory bodies coming under the purview of Ministry of Finance and Mass Media. As per the information submitted by other agencies, 13540 permits (including Ministry of Finance and Mass Media) were issued under this scheme during the year 2018.

2.9.2 Permits under PAC 22/99

Under the provision of Public Administration Circular 22/99, TIPD Performance to issue vehicle imports permits for the senior government officials at the time of retirement as follows.

No. of application received	: 427
No. of application rejected	: 024
No. of permits issued	: 398
No. of complains and appeals attend	: 013

2.9.3 Concessionary Scheme for Importation of Motor Vehicles under the Foreign Affairs Ministry Circular No. 210 for the Diplomatic Officers

During the year, 97 permits were issued by the Ministry of Foreign Affairs to the officers served in Sri Lankan Missions in other countries and to the eligible officers serve in Foreign Affairs Ministry. Accordingly, this Department had issued Duty Waiving letters for aforesaid permits in order to facilitating the Customs clearance for the imported vehicles.

2.9.4 Disposal of Vehicles imported under the various Duty Concession Schemes

During the year 2018, this Department had facilitated disposal of 76 vehicles imported under the various duty concession schemes.

2.9.5 Duty Waivers

Customs Import Duty (CID) could be waived off on approval basis including Special Projects as approved by Cabinet of Ministers under the Section 19(A) of the Customs Ordinance (Chapter 235). Accordingly, in 2018, duty waivers were granted to the projects covering the areas of road and highways, airport and aviation, ports and fisheries Harbors, water supply and irrigation, electricity, housing schemes, construction of hospitals and universities etc. The Customs Import Duty Waivers that were granted in 2018 are summarized in the following table.

Table 2.13 Duty Waivers granted for Special Projects under the 19(A) of the Customs Ordinance in 2018

No	Sector	No. of letters issued for Duty Waivers
1	Defence	48
2	Education	18
3	Health	24
4	Infrastructure	510
5	Water Supply	128
6	Other	540
Total		1,268

Source: Department of Trade & Investment Policy, 2018

Following Customs Duty waivers were granted during the year 2018 as per the powers vested the Hon. Minister of Finance, by the Customs Ordinance.

Table 2.14 General Duty Waivers granted under Section 19(A) of the Customs Ordinance

S.No	Item	CID Rate	Duty Waiver (Rs.)	Recoverable CID (Rs)	Period
1.	Diesel	Rs.15 per Liter	Rs.11 per liter	Rs. 4 per liter	22.12.2017 to 10.05.2018
		Rs.15 per Liter	Diesel - Rs.9.15 per l	Diesel -5.85 per l	11.05.2018 to 15.05.2018
			Super Diesel - Rs.4.45 per l	Super Diesel - 10.55	
		Super Diesel- 10.55 per l	No Waiver	Super Diesel- 10.55 per l	16.05.2018 to 19.11.2018
		Diesel - 5.85 per l	Diesel - Rs.2 per l	Diesel - Rs. 3.85 per l	
		Other Diesel- 10.55 per l	No Waiver	Other Diesel-10.55 per l	
		Super Diesel- 10.55 per l	No Waiver	Super Diesel- 10.55 per l	
		Diesel - 5.85 per l	Diesel - Rs.5 per l	Diesel - Rs. 0.85 per l	20.11.2018 to 11.01.2019
		Other Diesel- 10.55 per l	No Waiver	Other Diesel-10.55 per l	
		Super Diesel- 10.55 per l	No Waiver	Super Diesel- 10.55 per l	
		Diesel - 5.85 per l	Diesel - Rs.3 per l	Diesel - Rs. 2.85 per l	12.01.2019 to date
		Other Diesel- 10.55 per l	No Waiver	Other Diesel-10.55 per l	

2.	Petrol	Rs.23 per liter	Rs. 12 per liter	22.12.2017 to 10.05.2018			
			Rs.35 per Liter	92 Octane- Rs.9.58 per l 95 Octane- Rs.9.41per l	92 Octane- Rs.25.42 per l 95 Octane- Rs.25.59 per l	11.05.2018 to 15.05.2018	
		92 Octane 25.42 per l 95 Octane- 25.59 per l Other - 25.59 per l	92 Octane - Rs.7 per l	92 Octane - Rs.18.42 per l 95 Octane-25.59 per l Other -25.59 per l	16.05.2018 to 01.11.2018		
			92 Octane - Rs.13 per l	92 Octane - Rs.12.42 per l 95 Octane-25.59 per l Other -25.59 per l	02.11.2018 to 15.11.2018		
		92 Octane 35/- per l 95 Octane- 35/- per l Other -35/- per l	92 Octane 20/- per l 95 Octane-3/- per l Other -3/- per l	92 Octane 15/- per l 95 Octane-32/- per l Other -32/-per l	16.11.2018 to 27.12.2018		
			92 Octane 20/- per l 95 Octane-No Waiver Other -3/- per l	92 Octane 15/- per l 95 Octane-35/- per l Other -32/-per l	28.12.2018		
			92 Octane 20/- per l 95 Octane-No Waiver Other - No Waiver	92 Octane 15/- per l 95 Octane-35/- per l Other -35/-per l	29.12.2018 to 11.01.2019		
			92 Octane 19/- per l 95 Octane-No Waiver Other - No Waiver	92 Octane 16/- per l 95 Octane-35/- per l Other -35/-per l	12.01.2019 to date		
		3.	Lubricating oils	15%	3%	12%	02.11.2018 to date
		4.	Wheat Grain	15% or Rs.12 per kg	Rs. 6/-Per Kg	Rs. 6 /-Per Kg	02.08.2017 to 01.11.2018
Rs. 9/-Per Kg	Rs. 3/-Per Kg				02.11.2018 to date		
5.	Milk Powder	20% or Rs. 225/- per Kg	Rs. 223 per Kg	Rs. 2 per Kg	08.07.2017 to 18.09.2018		
			Rs. 175 per Kg	Rs. 50 per Kg	19.09.2018 to		

					02.10.2018
			Rs. 223 per Kg	Rs. 2 per Kg	03.10.2018 to 16.10.2018
			Rs. 210 per Kg	Rs. 15 per Kg	17.10.2018 to date
6.	Cashew Nuts	30%	30%	Free	07.10.2017 to date
7.	Sugar	Rs.12 per Kg	Rs.4 per Kg	Rs.8 per Kg	19.09.2018 to 01.11.2018
			Note: Rs 12 per Kg fully waiver granted imports /stocks available in the ports before 16.10.2018 effective until 26.10.2018		

Source: Department of Trade & Investment Policy, 2018

2.9.6 Importation for Export Processing Scheme (TIEP)

TIEP scheme has been introduced as an export trade facilitation measure to promote exports in order to bring sufficient income (Foreign Exchange) to the country. Also, it has been expected to strengthening the small and medium sector entrepreneurs by allowing them to import machinery and raw materials at a lower cost so that they can compete with the international market.

This scheme facilitate to the registered investors under Ministry of Industry and Commerce(MIC) and under the section 16 of the BOI Act, which are not entitled to import of inputs on duty free basis for the export purpose. This Department involved in policy related matters in this scheme. Accordingly, an official committee has been appointed by the Cabinet under the Chairmanship of DST in this Ministry to streamline the process of Temporary Import for Export Processing (TIEP) Scheme for “Arecanuts and Pepper”. This Department involved in preparing the procedure proposed by the Officials Committee and submitted the report as a Note to the Cabinet on 06.08.2018.

2.10 Preparation of observation for the Cabinet Memoranda Submitted by other Ministries and preparation of Cabinet Memorandum by this Department

During the year 2018, 16 Cabinet Memoranda were prepared by this Department with regard to the submit the Gazette Notification under the Special Commodity Levy Act and Revenue Protection Orders, Public Administration Circular 22/99 and other related matters. Further, this Department has submitted observations for the 29 Cabinet Memoranda Submitted by other Ministries during the year 2018.

2.11 SAARC Development Fund (SDF)

SAARC Development Fund (SDF) is a regional funding institution which aims to contribute to regional co-operation and integration through project collaboration. It serves as an umbrella financial institution for projects and programs in the South Asian Association for regional Co-operation (SAARC) region since 2010. The fund works for promoting the welfare of the people of SAARC region, improving their quality of life, and accelerating economic growth, social progress and poverty alleviation in South Asia.

The SDF has three financing windows:

(i) Social window

The Social Window primarily funds projects, inter alia on poverty alleviation, Social Development focusing on Education, Health, Human Resources Development, support to valuable/ disadvantage segments of the Society. Social Window grant 50:50 partnership with the implementing Agencies.

(ii) Economic Window

The Economic Window primarily extends funding to non – infrastructural projects related to trade and industrial development, Agriculture services sector, Science and Technology and other non- infrastructure areas.

(iii) Infrastructure Window

Infrastructure Window primarily funds projects in energy, power, transportation, telecommunications, environment, tourism and other infrastructure areas.

Economic and Infrastructure Windows 100% secured loans under Co – Financing mode. Under the Social Window 13 projects are being implemented in SAARC Countries. Each project benefits more than one SAARC member state. In Sri Lanka 4 projects have been completed and 2 projects are being implemented under the Social Window of SDF. There are 2 pipeline projects under the Economic and Infrastructure Window.

Ongoing Projects

1. Strengthening the livelihood initiative for home based workers in SAARC Region. (SABAH)
2. Toll Free help lines for women and children in SAARC member states.

Completed Project

1. Strengthening Maternal and Child Health including Immunization. (MCH)
2. South Asia Initiative to end violence Against Children (SAIEVAC)
3. Post – Harvest Management and value addition of fruits in production catchment in SAARC countries
4. Strengthening of Water , Sanitation and Hygiene (WASH) Services in selected areas SAARC Countries

Pipeline Projects

- 1.** Networking and capacity building of women Entrepreneurs (SMEs) from SAARC Countries (Establishment of SAARC Handicraft Development Centers)
- 2.** Livelihood enhancement of small farmers in SAARC Region through small Agro business focusing on value chain development.

SAARC Development Fund (SDF) recently launched its Micro, Small and Medium Enterprise (MSME) funding scheme in Sri Lanka under the Economic Funding Window. The fund has earmarked an amount of \$ 10million to be disbursed under this scheme.

This Department is functioning as the Sri Lanka Counterpart Agency of the SDF to perform the activities including the overall coordination, recommendation of project proposals, review of project progress, facilitating SDF officials visiting to Sri Lanka etc.

SAARC Finance Meetings

SAARC Finance was established on September 9, 1998 as a regional network of the SAARC Central Bank Governors and Finance Secretaries as agreed during the 10th SAARC Summit held in Colombo on July 29, 1998. SAARC Finance obtained formal recognition during the 11th SAARC Summit held in Kathmandu, Nepal, in January 2002.

The basic objective of SAARC Finance network is to promote co-operation among Central Banks and Finance ministries in SAARC member countries and learn from shared experiences among member countries on macroeconomic policy challenges facing the region. The broad objectives SAARC Finance included the following:

- To promote co-operation among central banks and finance ministries in SAARC member countries through staff visits and regular exchange of information
- To consider and propose harmonization of banking legislation and practices within the region
- To work towards a more efficient payment system mechanism with the SAARC region and strive for higher monetary and exchange cooperation
- To forge closer co-operation on macroeconomic policies of SAARC member states and to share experiences and ideas
- To study global financial development and their impact on the region including discussions relating to emerging issues in the financial architecture, IMF and World Bank and other international lending agencies
- To monitor reforms of the international financial and monetary system and to evolve a consensus among SAARC countries in respect of these reforms
- To evolve, whenever feasible, joint strategies, plans and common approaches in international forum for mutual benefit, particularly in the context of liberalization of financial services

- To undertake training of staff of the ministries of finance, central banks and other financial institutions of the SAARC member countries in subjects relating to economics and finance
- To explore networking of the training institutions within the SAARC region, specializing in various aspects monetary policy, exchange rate reforms, bank supervision and capital market issues
- To promote research on economic and financial issues for the mutual benefit of SAARC member countries

3. PERFORMANCE OF ADMINISTRATION AND FINANCE DIVISION

Administration and Finance Division is responsible for management of Human, Physical and Finance Resources. Accordingly, recruitment, training and development and establishment activities are done under Human Resources Management. Acquisition and maintenance of assets, payments and keeping records are done under physical and finance management.

3.1 Administration Division

The Department consists of an approved cadre of 62 and head of the Department is the Director General. The details of the cadre is shown in Table 3.1. Information related to human resource management are shown in the Tables 3.2, 3.3,3.4,3.5

Table 3.1 - Cadre Position as at 31st December 2018

No	Designation	Approved Cadre	Present Cadre	Vacancies
1	Director General (SLAS Special Grade)	01	01	-
2	Additional Director General (SLAS Special Grade)	01	00	01
3	Director (SLAS I)	03	02	01
4	Deputy Director/Asst. Director (SLAS II, III)	06	06	-
5	Deputy Director/Asst. Director (SLPS II, III)	01	01	-
6	Accountant (SLAcS III/II)	01	01	-
7	Tariff Analyst (Departmental)	02	00	02
8	Administrative Officer (PMAS Supra Grade)	01	01	-
9	Translator	02	00	02
10	Information and Communication Technology Officer	01	01	-
11	Research Assistant/Development Officer	08	07	01
12	Public Management Assistant	20	19	01
13	Driver	07	05	02
14	Office Employee Service	08	06	02
	Total	62	50	12

Table 3.2 - Officers Joined to the Department in year 2018

No	Name	Designation	Date of Joined
01	Mr.M.K.P. Kumara	Director	22.03.2018
02	Mr.J.R.C. Jayathilake	Director	08.03.2018
03	Mr.S.A. Senanayake	Assistant Director	26.07.2018
04	Mr.H.G.N. Asiri	Assistant Director	23.02.2018
05	Ms.S.G.M.A.P. Senarathne	Accountant	16.02.2018
06	Mr.S.S. Ranaweera	Public Management Assistant	02.03.2018
07	Mr.D.B.N. Dolage	Public Management Assistant	06.03.2018
08	Mrs.P.R. Shanthi	Public Management Assistant	07.03.2018
09	Ms.L.S.G. Perera	Public Management Assistant	23.05.2018
10	Ms. M.R.L.J. Madhubhashini	Public Management Assistant	01.06.2018
11	Mr. A.A.D.D.G. Atapattu	Public Management Assistant	03.10.2018
12	Ms. S.G.M.S.S. Thilakasiri	Public Management Assistant	07.12.2018
13	Mr. H.L.N. Perera	Driver	26.03.2018

Source: Department of Trade & Investment Policy, 2018

Table 3.3 - Officers Left the Department in year 2018

No	Name	Designation	
01	Mr. K.A.Vimalenthirarajah	Director General	22.01.2018
02	Mrs. M.N.D. Gunarathna	Director	12.03.2018
03	Mr. M.D.J.C. Murage	Director	08.03.2018
04	Mrs. D.I.De.S. Wijayasinghe	Development Officer	23.08.2018
05	Mr. C.P.K. Wijesooriya	Public Management Assistant	28.02.2018
06	Mrs. M.A.D.S.Mallawarachchi	Public Management Assistant	28.02.2018
07	Mrs. M.G.M.D. Wimalarathne	Public Management Assistant	03.08.2018
08	Mr. T.M.Amaradasa	Public Management Assistant	31.08.2018
09	Mrs. M.Kirubha	Public Management Assistant	28.12.2018
10	Mr. A.K.P.R. Ubsekara	Office Employee Service	01.10.2018
11	Mrs. W.G.M. Gunawardena	Office Employee Service	01.10.2018

Source: Department of Trade & Investment Policy, 2018

Table 3.4 Officers Attended Foreign Training Programme/Workshops and Meeting in 2018

Designation	Name	Country	Purpose	Period
Director General	Mr. C. Jayasuriya	Bhutan	Delegation	16.03.2018 19.03.2018
		Thailand	Delegation	18.09.2018 21.09.2018
Director	Mr. Darshana Wijesiriwardane	India	Delegation	02.07.2018 04.07.2018
		India	Delegation	21.12.2018 22.12.2018
	Mr. M.K.P. Kumara	Nepal	Delegation	21.07.2018 27.07.2018
	Mr. J.R.C. Jayatilake	India	Delegation	02.07.2018 04.07.2018
		Malaysia	Training	17.09.2018 23.09.2018
		Bangladesh	Delegation	18.11.2018 19.11.2018
		India	Delegation	18.12.2018 20.12.2018
Assistant Director	Mr. G.D.S.P. Kumara	Sweden	Training	21.01.2018 16.02.2018
	Mr. R.L. Weerasekara	India	Delegation	01.08.2018 19.08.2018
	Mr. H.G.N. Asiri	China	Training	08.10.2018 28.10.2018
Accountant	Ms. S.G.M.A.P. Senarathne	China	Training	08.10.2018 28.10.2018
Development Officer	Mr.K.D.J. Wasantha	India	Training	09.07.2018 20.07.2018
	Mr.B.W.J. Bandara	China	Training	23.05.2018 12.06.2018
	Ms. K.M.G.A. Kasthuri	China	Training	23.05.2018 12.06.2018

Table 3.5 Officers Attended Local Training Courses/ Seminars in 2018

Designation	Name	Course	Period
Director General	Mr. C. Jayasuriya	Speech craft Training with the Toastmasters International for Special Grade Officers of All Island Service	10 Days from 26.03.2018
Director	Mr. M.K.P. Kumara	Workshop on Public Debt Management	30.07.2018 10.08.2018
		Effective Communication Skills and personality Development through Speech craft	04.10.2018
	Mr. J.R.C. Jayatilake	Workshop on Bid Evaluation	16.10.2018
	Mr. J.R.C. Jayatilake	Video-Based Training Course on Trade Remedies – Substance and Procedures	10 days from 14.05.2018

		Capacity Building program for the Official of Sri Lanka Administrative Service Class - I - Strategic Leadership Module	14.08.2018 17.08.2018
		Workshop on Bid Evaluation	16.10.2018
Assistant Director	Mrs. M.A.C.N. Senevirathne	Capacity Building programme for Officers of the SLAS Class III	14.09.2018 18.09.2018
		Workshop on Bid Evaluation	16.10.2018
		Commissioning of ITMIS System in Treasury Departments	11.11.2018 14.11.2018
	Mrs. H.G.T. Prasangika	Special Lecturer on Framework agreement as a tool for procurement of medicines examples from EU and Western countries	2018.01.05
		Speech craft Training with Toastmasters International for SLAS Class III Officers	08.06.2018 09.06.2018
	Mr. G.D.S.P. Kumara	Video-Based Training Course on Trade Remedies – Substance and Procedures	14.05.2018 to 10 days
		Follow-up Seminar on SLIDA International training programme Quality Infrastructure Development in Support of World Trade	16.09.2018 21.09.2018
	Mr. R.L. Weerasekara	Special Lecture on Framework agreement as a tool for Procurement of medicines examples from EU and western countries	05.01.2018
		Seminar on Implementation of Paperless Procedures by Sri Lanka Customs	15.02.2018
		Workshop on Bid Evaluation	16.10.2018
	Mrs. D.T.Sutharshan	Special Lecture on Framework agreement as a tool for Procurement of medicines examples from EU and western countries	05.01.2018
	Accountant	Ms. S.G.M.A.P. Senarathne	Session on Strategies for Improving Workforce Productivity in the Public Sector
Diploma in Public Procurement Contract Agreement (DIPPCA)			01 year from 24.11.2018 to
Commissioning of ITMIS System in Treasury Departments			11.12.2018 14.12.2018
Administrative Officer	Mr. E.A.P. P. Chandana	Official letter writing in Sinhala for officers in public organizations	27.11.2018
Development Officer	Ms. K.M.G.A. Kasthuri	Workshop on Public Private Partnership	15.02.2018 16.02.2018
		Symposium on creating university - Industry link	12.03.2018
	Ms. M. Nandanie	Diploma in English for Junior Executives (DEJE) -level 3	12 weeks from 15.11.2018
	Mrs. J.A.D.U. Ranasinghe	Business Culture Exchange and Integration for Sri Lanka	31.07.2018 25.08.2018
	Mrs. S.M	Project management & Proposal	29.01.2018

	Mahagedara	Writing	30.01.2018
Public Management Assistant	Mrs. A.Dissanayake	Diploma in English for Junior Executives (DEJE) -level 2	26.04.2018 26.07.2018
	Mrs. M.N.Dilrukshi	SLIDA Certificate Course in English for Employment Purpose(CEEP) 1st Intake	12 weeks from 24.06.2018
		SLIDA Certificate Course in English for Employment Purpose(CEEP) 2nd Intake -2nd stage	12 weeks from 30.12.2018
	Mrs. W.S.P. Perera	Course for Exemption from Efficiency Bar Examination of Grade I Public Management Assistants Service (Batch I)	03.09.2018 14.09.2018
		Official letter writing in Sinhala for officers in public organizations	27.11.2018
	Mrs. M.Kirubha	Course for Exemption from Efficiency Bar Examination of Grade I Public Management Assistants Service (Batch I)	03.09.2018 14.09.2018
	Mrs. G.K.C.K. Priyadarshani	Course for Exemption from Efficiency Bar Examination of Grade I Public Management Assistants Service (Batch I)	03.09.2018 14.09.2018
	Mrs.W.R.N. Fernando	Course for Exemption from Efficiency Bar Examination of Grade I Public Management Assistants Service (Batch I)	03.09.2018 14.09.2018
	Mrs. L.A.S.P. Wijebandara	Certificate in English for employment purposes (CEEP)	12weeks from 06.02.2018
	Ms. W.R.R. Wickramasinghe	Diploma in English for Junior Executives (DEJE) -level 2	26.04.2018 26.07.2018
		Budget progress Monitoring System(BPMS)	28.05.2018
		Diploma in English for Junior Executives (DEJE) -level 3	12 weeks from 15.11.2018
	Mr. A.A.D.D.G. Atapattu	File management & General Officer Administration E-code	31.10.2018 02.11.2018
		Commissioning of ITMIS System in Treasury Departments	11.11.2018 14.11.2018
Mrs. S.G.Nilanthi	Course for Exemption from Efficiency Bar Examination of Grade I Public Management Assistants Service (Batch I)	03.09.2018 14.09.2018	
Mr. S.S. Ranaweera	Commissioning of ITMIS System in Treasury Departments	11.11.2018 14.11.2018	
Driver	Mr. R.A.D.C. Priyadarshana	Tamil Language training For Government servants	13.06.2018 21.06.2018
Office Employee Service	Mr. A.K.P.R. Ubsekara	Tamil Language training For Government servants	13.06.2018 21.06.2018

3.2 Finance Division

With the view to achieving the objectives of the Department, a sum of **Rs.291,880,000** from which **Rs.290,450,000** for recurrent expenditure and **Rs.1430000** for capital expenditure were provided in the estimates for the year 2018 under Head 244, Programme1 and Project 1. The actual expenditure incurred during the year under review against this provision was **Rs.287,345,234** consisting of **Rs.286,098,284** and **Rs.1,246,950** as recurrent and capital expenditure respectively. The utilization of the budgeted provisions is shown in the Table No. 3.6

Table 3.6 Utilization of Budget Estimate in 2018

No	Description on Expenditure	Budget 2018 (Rs.)	Actual Expenditure 2018 (Rs.)	Percentage (%)
1	Recurrent Expenditure	290,450,000	286,098,284	98.5
	Personal Emoluments	34,390,000	31,762,116	92.4
	Traveling Expenses	4,859,365	3,818,443	78.6
	Supplies	3,035,000	2,926,355	96.4
	Maintenance Expenditure	1,750,000	1,563,322	89.3
	Services	7,135,768	6,772,020	94.9
	Transfers	239,279,867	239,256,027	100.0
2	Capital Expenditure	1,430,000	1,246,950	87.2
	Rehabilitation and Improvement of Capital Assets	50,000	0	0
	Acquisition of Capital Assets	880,000	806,750	91.7
	Capacity Building	500,000	440,200	88.0
Grand Total		291,880,000	287,345,234	98.4

Source: Department of Trade and Investment Policy, 2018

The Department was able to operate the public officer's advance 'B' account during the year within the limits approved by the Parliament as shown in the Table 3.7

Table 3.7 Public Officers' Advance 'B' Account in 2018

No	Description	Approved Limit (Rs.)	Actual Amount (Rs.)
1	Maximum Limit of Expenditure	4,000,000	3,465,773
2	Minimum Limit of Receipts	1,500,000	2,309,183
3	Maximum Limit of Debit Balance	12,000,000	9,636,240

Source: Department of Trade and Investment Policy, 2018

3. 3 Audit Queries

All Audit Queries raised by the Auditor General's Department and the internal Audit section were responded and remedial actions were taken to rectify the weaknesses where necessary.

