



Performance Report - 2016

**Department of Trade and Investment Policy
General Treasury
Ministry of Finance
Colombo 1**

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1. INTRODUCTION

1.1 Organizational Frame Work

In June of 2006, this Department was established and named as “Department of Trade, Tariff and Investment Policy” under the General Treasury, Ministry of Finance with the broad objective of promotion and facilitation of country’s international economic integration.

The Department 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. To broaden the functions of the Department, it was renamed again in 2012 as “Department of Trade and Investment Policy”.

In 2016, the strategic direction of the Department was restructured and reformulated its Vision, Mission, Goals and Objectives and Organizational Structure in order to provide a better service.

The Department constitutes of three Divisions to implement its core business as follows;

- i. Trade Policy Division
- ii. Investment Policy Division
- iii. Administration, Finance and Special Schemes 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 Goal

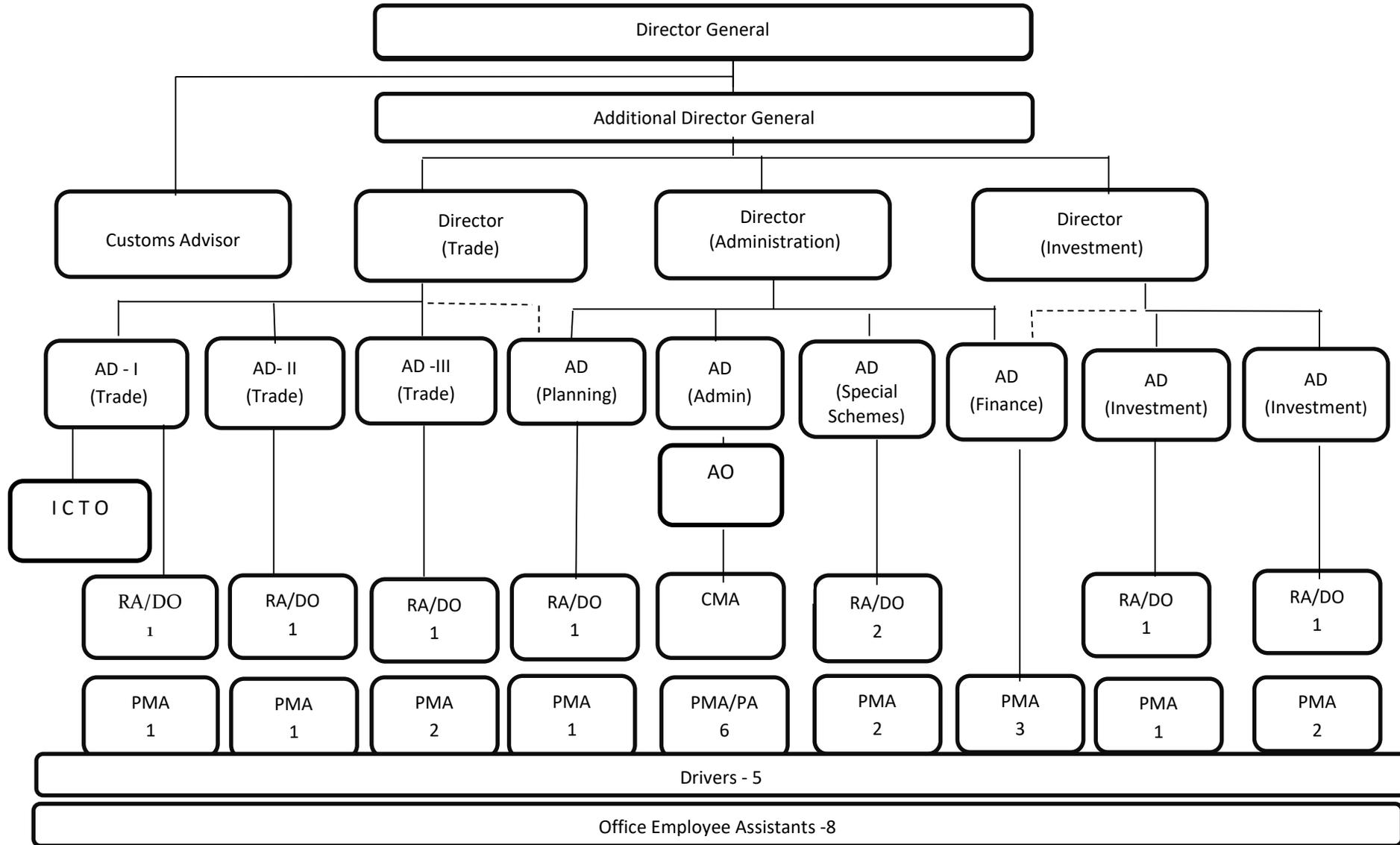
- To promote Sri Lanka as preferred FDI destination in the region
- To improve the position of Ease of Doing Business Index to below 50
- To gain industrial friendly tariff regime
- To promote US\$ 25 billion trading economy by 2020
- To issue concessionary vehicle permits for public sector officers
- To implement competitive advantage trade agreements for trade

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 introduce mechanism to improve Small Entrepreneurs to Medium Entrepreneurs and Medium Entrepreneurs to large scale
- To enter into FTAs with China, USA and European Union by 2018

- To assist the entrepreneurs providing necessary information through customer friendly database
- Preparation of legal guidance for outward investors
- To streamline the issuing of public officers' concessionary vehicle permits
- To minimize tariff related issues below 10%
- 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 Functions

1.7.1 Trade Policy Division

Trade Policy Division is responsible for formulation, implementation and revision to tariff policy and special commodity levy related to Trade, industry and Free Trade Agreements. It is also responsible for coordination of customs Administrations including regulations and appeals. The key functions of the Division can be spelt out as follows;

1.7.1.1 Trade Policy

- i. Analysis of Tariff Policy related Issues and Alternatives
- ii. Enforcement of Special Commodity Levy Act
- iii. Tariff Policy review and update
- iv. Development of Automobile Import Policy on project basics
- v. Organization of Trade/Business Forums
- vi. To conduct Trade Policy Stakeholders' Dialogue
- vii. Coordination with Trade or Tariff related National and International Organizations
- viii. Resolving Trade or Tariff Policy related issues represented by the stakeholders
- ix. Development of Trade or Tariff Policy Papers to the Cabinet of Ministers
- x. Representing the MOF in Agency for International Trade
- xi. Parliamentary Affairs on Tariff Policy
- xii. Compilation of responses to Trade or Tariff Policy related Court Cases
- xiii. Preparation of Cabinet Memoranda / Observations / Comments

1.7.1.2 Tariff Policy

- i. Coordination of 19(A) Duty Waivers
- ii. Development of Information System for 19(A) Duty Waivers
- iii. Facilitation of Promulgation of Regulations under the Customs Ordinance
- iv. Publication of Revenue Protection Order (RPO)
- v. Resolving grievances related to Tariff Anomalies
- vi. Management of HS Code National Sub Divisions
- vii. Review of appeals on Customs cases including valuation
- viii. Review of Audit reports on Customs Administration
- ix. HS Code compliance and transposition
- x. Policy Coordination of TIEP scheme
- xi. Policy Coordination of Bonded Warehouse Facilities
- xii. Preparation of Budget Proposals
- xiii. Implementation of Budget Proposals

1.7.1.3 Free Trade Agreements

- i. Analysis of Fiscal Policy Implementations of Free Trade Agreements
- ii. Coordination Trade or Tariff related matters with the Coordinating Committee on Economic Management
- iii. Trade Policy review and update in line with the FTAs of Sri Lanka
- iv. 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 SAARC Agreement on Trade in Services (SATIS)
 - The Asia Pacific Trade Agreement (APTA)
 - Bay of Bengal Initiative for Multi-Sector Technical & Economic Co-operation (BIMSTEC FTA)
 - Proposed China Sri Lanka Free Trade Agreement(CSFTA), Sri Lanka Singapore Trade Agreement(SLSFTA) and Economic and Technical Cooperation Agreement (ETCA)
 - Joint Trade Committees (Kenya, Vietnam,Japan,Russia,etc.)

1.7.2 Investment Policy Division

The Investment Policy Division is responsible for policy matters related to investment in collaboration with relevant State Institutions. Key functions of the Division are as follows;

- i. Maintain a database on outward and domestic investment
- ii. Attend legislative matters in respect of outward investments
- iii. To consider appeals under Exchange Control Act on behalf of the Ministry of Finance
- iv. Approval on entering with MOUs by Financial Intelligence Unit (FIU) of Sri Lanka
- v. All approvals in respect of Exchange Control Act
- vi. All approvals in respect of Financial Transactions Reporting Act, Prevention of Money Laundering Act and Convention on the Suppression of Terrorist Financing Act
- vii. Approval on Bonded Warehouses
- viii. To maintain a database on Bonded Warehouses
- ix. To develop a Bonded Warehouse policy framework with relevant stakeholders
- x. To develop domestic investment policy framework with relevant stakeholders
- xi. To attend matters related to Board of Investment Act
- xii. Grant concurrence on items in the BOI Negative List
- xiii. To attend matters related to TIEP Scheme
- xiv. Review and assist to develop new policy framework on TIEP Scheme

- xv. To attend matters related to Private Public Partnership (PPP)
- xvi. To attend all activities related to SAARC and SDF
- xvii. To attend all activities related to IMF and Commonwealth Secretariat
- xviii. To monitor the implementation of relevant Budget Proposals
- xix. To prepare Budget Proposals relevant to investment
- xx. Preparation of Cabinet Memoranda/Observations / Comments

1.7.3. Administration and Finance Division

Administration and Finance Division is responsible for management of Human, Physical and Finance 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. TRADE POLICY AND INVESTMENT DIVISION

Trade policy includes policy analysis, policy formulation including tariff policy and issuance of regulations and guidelines for implementation of such policy measures in line with the emerging patterns of international and domestic trade and also international obligations within the purview of bilateral, plurilateral and multilateral agreements.

2.1 Trade Agreements

The World Trade Organization (WTO) is the main institutional framework under which Sri Lanka conducts its trade relations with some of her most important trading partners, including the United States, European Union, China, India, Canada, Australia, New Zealand and Japan.

Sri Lanka became a founder member of the WTO when the organization was established in 1995. Prior to that, Sri Lanka was one of the 23 founder members of the General Agreement on Tariff and Trade (GATT). The Uruguay Round of Trade Negotiations were undertaken under the auspices of GATT which led to the establishment of the WTO.

The multilateral trading system today is governed by the WTO agreements which govern trade in, *inter alia*, agriculture, trade in industrial goods, banking, telecommunication, industrial standards and product safety, food sanitation regulations, customs valuation, intellectual property and other areas. Trade under the WTO framework is governed by the principles of non-discrimination amongst members and between domestic and international trade. However, there are exceptions to this rule such as free trade agreements and non-reciprocal preferential trade agreements.

This Department has continued to be involved in the process of improving the international trade through effective negotiations and implementation of Bilateral, Plurilateral and Multilateral Trade Agreements. Following are the existing Bilateral, Plurilateral and Multilateral Trade Agreements being implemented by Sri Lanka;

- 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)
- Bay of Bengal Initiatives on Multi - Sectoral Technical and Economic Cooperation Agreement (BIMSTEC) – Free Trade Agreement

In 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 are the main objectives of Trade Agreements to Sri Lanka is a party. 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.

2.1.1 Progress under Trade Agreements

Appropriate follow ups were taken by the Department of Trade and Investment Policy in consultation with the Department of Commerce to implement tariff revisions under its trade agreements. Accordingly, the status of implementation of its trade agreements including Tariff Liberalization Programme is indicated below.

2.1.1.1 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 basic.

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 - 2015 / 2016

2015		2016	
Imports	Exports	Imports	Exports
Value (Rs.Mn)	Value (Rs.Mn)	Value (Rs.Mn)	Value (Rs.Mn)
32,676	60,539	27,216	57,576

Source: Department of Sri Lanka Customs, 2015/2016

Sri Lanka has submitted in 2016 a dossier consisting of a total of 16 non-tariff barriers, encountered by the Sri Lankan exporters who export their products to India under the ISFTA for solutions and it has been followed up under the ongoing bilateral trade negotiations.

It is frequently pointed out that benefits of Sri Lanka has been unfairly restricted by application of non – tariff barriers in India.

Quota Utilization under the ISFTA

No TRQs are offered by Sri Lanka to India under ISFTA, India has offered TRQs for Tea, Apparel, pepper, desiccated coconut and margarine and bakery shortening to Sri Lanka. In 2016, Sri Lanka has utilized more than 50% Quota for apparel and Tea under ISFTA.

2.1.1.2 Pakistan - Sri Lanka Free Trade Agreement (PSFTA)

The Pakistan Sri Lanka Free Trade Agreement (PSFTA), which came into force on 12th June 2005, is an instrument for a substantial improvement in trade between the two countries.

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, 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 - 2015 / 2016

2015		2016	
Imports	Exports	Imports	Exports
Value (Rs.Mn)	Value (Rs.Mn)	Value (Rs.Mn)	Value (Rs.Mn)
4,026	9,147	3,069	9,123

Source: Department of Sri Lanka Customs, 2015/2016

There is a discussion in place to upgrade the PSFTA into comprehensive agreement covering investment, service and economic cooperation.

Quota Utilization under the PSFTA

Under PSFTA, Sri Lanka has offered TRQ of 6000 Mt per year for Rice (Basumati) and 1000 Mt per year for Potatoes to Pakistan. And Pakistan has offered TRQ to Sri Lanka for mainly Tea and Apparel. But the given Quota has not fully utilized by Sri Lanka under PSFTA as the International market for tea and apparel is more lucrative in European Market

2.1.1.3 South Asia Free Trade Agreement (SAFTA)

The Agreement on South Asian Free Trade was signed by the Council of Ministers of the member states of SAARC on 6th January 2004 in Islamabad, Pakistan. The preliminary substantive work towards finalization of SAFTA was entrusted to the Committee of Experts (COE), which was established drawing expertise from the member states. SAFTA aims at further enhancing the programme of plurilateral economic integration through promotion of preferential trade, which began with the establishment of the South Asian Preferential Trading Arrangement (SAPTA) in 1995.

The Fifteenth SAARC Summit held in Colombo, in 2009 emphasized and directed to revise the Sensitive Lists by SAFTA Ministerial Council (SMC) and be implemented early. In this regard, it was recommended and agreed to constitute an adhoc Working Group to commence work on the reduction in the size of the Sensitive Lists. The First Meeting of the Working Group took place on

10th February 2010 and it discussed the modalities proposed for the reduction in the number of tariff lines in the Sensitive Lists. The Meeting recommended the Member states to prepare their Request Lists bilaterally and keep the Secretariat informed. Following the receipts of such requests, the Members States will make their initial Offer Lists to all SAARC Member States through the SAARC Secretariat. The next meeting of the Working Group will take up further detail negotiations on the Request and Offer Lists with a view to finalize them.

The Fifth Meeting of the Expert Group on SAARC Agreement on Trade in Services (SATIS) was held on in February 2010 at the SAARC Secretariat at Kathmandu in Nepal. The Meeting resumed discussion on the Draft SATIS as revised by the Fourth Meeting of the Expert Group and finalized the Draft SATIS to be signed at a subsequent SAARC Summit by the leaders of the Members States. The Meeting also agreed that the discussion on specific schedules of commitments may commence after the Agreement is signed. Accordingly, the SATIS was signed at the 16th SAARC Summit held in Bhutan on 29th April 2010 by the leaders of the Member States and Sri Lanka ratified this Agreement on 2nd June 2010.

Under the Tariff Liberalization Programme (TLP) under the SAFTA, the Phase I was completed in 2015. The Phase II of the TLP needs to be completed at the end of December 2018. At the Phase II, Sri Lanka has agreed to liberalized 208 items from its existing negative list.

At the third working group on reduction in the sensitive lists under the SAFTA held in Pakistan in 2016, it was agreed to further reduction in sensitive lists under SAFTA in the Phase III. Accordingly, Sri Lanka has agreed to further liberalize the existing negative list by another 10% at the Phase III.

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

Table 2.3 Sensitive List items maintained by each member state in Phase II and percentage agreed 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: SAFTA Secretariat

The table 2.4 shows the trade data under the SAFTA in 2015 and 2016.

Table 2.4 Total Imports and Exports value under SAFTA for Sri Lanka - 2015 /2016

2015		2016	
Imports	Exports	Imports	Exports
Value (Rs.Mn)	Value (Rs.Mn)	Value (Rs.Mn)	Value (Rs.Mn)
696	3,270	908	1,270

Source: Department of Sri Lanka Customs, 2015/2016

2.1.1.4 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.

Further concessions are envisaged at the conclusion of the 4th Round of trade negotiations, which were launched at the Second Session of the Ministerial Council of the Asia Pacific Trade Agreement (APTA), held on 26th October 2007 in Goa, India. Ministers launched this new round, with a view to further widening products coverage and deepening the tariff cuts and to adopt modalities for the extension of negotiations into other areas such as non-tariff measures, trade facilitation, services and investment. The Third Ministerial Council was held on 15th December, 2009 in Seoul, Republic of Korea. In addition, two framework agreements on Trade Facilitation and Promotion, Protection and Liberalization of Investment were already signed.

At the forty ninth session of the Ministerial Council held on 26 August 2016, the Ministers are invited to review the second amendment of the protocol to amend the Asia – Pacific Trade Agreement as proposed by the Standing Committee to include:

- i. Preamble to welcome Mongolia as a new member of a APTA
- ii. Revised National List of Concessions incorporating the Fourth Round List of Concession
- iii. Rules of Origin

The APTA is a plurilateral trade agreement and it needs to catch up with the other mega plurilateral trade agreement in the region in order to be relevant. The both APTA Secretariat and the Standing Committee noted that there is an urgent need to convert the agreement to a comprehensive regional trade agreement.

As the ultimate beneficiary of APTA would be the exporters and the importers of the APTA Participating States, the APTA Standing Committee has recommended for the establishment

APTA Chamber Of Commerce and Industry which was proposed at the 45th Standing Committee. All these Committee proposals need be approved at the Forth Session of the Ministerial Council.

The list of concessions (Total tariff lines) granted by the member countries as agreed at the 3rd round of the APTA negotiations are indicated in following table.

Table 2.5 General and Special Concessions granted by APTA member countries at the end of 3rd round Negotiations

Member Country	General Concessions	Special Concessions
Bangladesh	209	-
China	1697	161
India	570	48
Lao PDR	-	-
Republic of Korea	1367	306
Sri Lanka	427	72

Source: APTA secretariat

Sri Lanka has agreed to provide marginal rate of preference for a total of 143 tariff lines (08 Digits) under the 4th round of tariff liberalization programme of the APTA as agreed at the fourth meeting of the APTA Ministerial Council held in January 2017 in Thailand. All member countries of APTA have agreed to give effective to the proposed duty concessions from July 01, 2017. A summary of the Trade flows of APTA in 2016 is presented in the 2.6.

Table 2.6 Trade Flow of Sri Lanka under the APTA in 2015 and 2016

2015		2016	
Imports	Exports	Imports	Exports
Value (Rs.Mn)	Value (Rs.Mn)	Value (Rs.Mn)	Value (Rs.Mn)
2,103	17,522	2,328	19,189

Source: Department of Sri Lanka Customs, 2015/2016

2.1.1.5 Bay of Bengal Initiatives on Multi - Sectoral Technical and Economic Co - operation (BIMSTEC) Free Trade Agreement

On 6 June 1997, a new sub-plurilateral grouping was formed in Bangkok and given the name BIST-EC (Bangladesh, India, Sri Lanka, and Thailand Economic Cooperation) Myanmar attended the inaugural June Meeting as an observer and joined the organization as a full member at a Special Ministerial Meeting held in Bangkok on 22 December 1997, upon which the name of the grouping was changed to BIMST-EC. Nepal was granted observer status by the second Ministerial Meeting in Dhaka in December 1998. Subsequently, full membership has been granted to Nepal and Bhutan in February 2004.

In the first BIMSTEC Summit on 31 July 2004, leaders of the BIMSTEC agreed that the name of the grouping should be known as BIMSTEC or the Bay of Bengal Initiative for Multi -Sectoral Technical and Economic Cooperation.

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. Commerce, investment, technology, tourism, human resource development, agriculture, fisheries, transport and communication, textiles, leather etc. have been included in it.

The twentieth Meeting of the BIMSTEC Trade Negotiating Committee was held on 07- 09 September, 2015 in the Kingdom of Thailand. It was highlighted the necessity of implementing the decisions taken at the nineteenth meeting which was held on 21-23 February 2011. The Working Groups reviewed the draft Protocol to the amended Framework Agreement which aims to revise issues of period of implementing and reduction of applied MFN tariff rates. Accordingly, the committee agreed to amend the date of entry in to force in to agreement on Trade in Goods as follows under agreed track of tariff liberalization;

Table 2.7, 2.8 and 2.9 show BIMSTEC Tariff;

Table 2.7 Fast Track Tariff Liberalization

No	Countries	For India, Sri Lanka and Thailand	For Bangladesh, Bhutan, Myanmar and Nepal
1	India, Sri Lanka and Thailand	1 July, 2016 to 30 June, 2019	1 July, 2016 to 30 June, 2017
2	Bangladesh, Bhutan, Myanmar and Nepal	1 July, 2012 to 30 June, 2021	1 July, 2012 to 30 June, 2019

Source: BIMSTEC Secretariat

Table 2.8 Normal Track Tariff Liberalization

No	Countries	For India, Sri Lanka and Thailand	For Bangladesh, Bhutan, Myanmar and Nepal
1	India, Sri Lanka and Thailand	1 July, 2017 to 30 June, 2022	1 July, 2017 to 30 June, 2020
2	Bangladesh, Bhutan, Myanmar and Nepal	1 July, 2017 to 30 June, 2022	1 July, 2017 to 30 June, 2025

Source: BIMSTEC Secretariat

Sri Lanka has finalized its tariff liberalization schedule as per the commitment made to the BIMSTEC Member States and awaiting to operationalize when the BIMSTEC is coming into force.

Table 2.9 Tariff Liberalization Schedule to the BIMSTEC FTA

No	Modality / Track	Percentage of Tariff Lines (6Digits HS 2007)
1	Fast Track Elimination	10%
2	Normal Track Elimination	48%
3	Normal Track Reduction	19%
4	Exclusion (Negative List)	23%

Source: BIMSTEC Secretariat

Further, it was decided on the finalization of the transposition of schedule of commitments from HS 2007 to HS 2012 at 6 digit level. However, the implementation of the agreement was not taken place due to the non-completion of the internal procedures of some member states. It is further noted that member states of the BIMSTEC has at present proposed to begin the implementation of the Tariff Liberalization Programme as per HS 2017 version and the BIMSTEC Secretariat has planned to give effect to the proposed tariff liberalization programme in 2017.

2.1.1.6 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 2016, China is the Sri Lanka's second largest trading partner, while also being Sri Lanka's second most important source of imports, accounting for 20% of Sri Lanka's total imports in the same year. China is less important as an export market, accounting for just around 2.9% of Sri Lanka's exports, but it has high potential for Sri Lankan products. Accordingly, China is a most promising emerging export market as Sri Lankan exports to China have been growing at a faster rate than with the rest of the world; it is, thus, likely to emerge as an important export market with the signing of a FTA.

The Free Trade Agreement (FTA) with China is expected to be concluded in 2017. By end of 2016, four rounds of FTA negotiations with China were completed.

Round of Negotiation	Date and Venue	Topics Discussed
First Round of Negotiations	September 17-19, 2013 Colombo	<ul style="list-style-type: none"> • Working mechanism • Ranges • Promotion modes • Road map and schedule • Tax-reduction modes of trade in goods
Second Round of Negotiations	November 26-28, 2014 Beijing	<ul style="list-style-type: none"> • Trade in goods • Trade in service • Investment • Economic and technological cooperation • Rule of origin • Customs procedures and trade facilitation • Technological barriers • Sanitary and phyto sanitary (measures) • Trade remedy • Dispute settlement
Third Round of Negotiations	August 2-4, 2015 Colombo	<ul style="list-style-type: none"> • Cargo trade • Service trade • Investment • Cooperation on economic technology • Rules on the origin of product • Convenience on custom order and trade • Technological fortress on trade and hygiene

		and planting measures
		<ul style="list-style-type: none"> • Relieve of trade, laws and etc
Fourth Round of Negotiations	November 21-23, 2016 Beijing	<ul style="list-style-type: none"> • Issues concerning trade in goods • Trade in service • Investment • Economic and technological cooperation • Rules of origin • Customs procedure • Trade facilitation • Technical barriers to trade • Sanitary and phytosanitary measures • Trade remedy • Dispute settlement

Source: Department of Trade and Investment Policy

2.1.1.7 Proposed Sri Lanka Singapore Free Trade Agreement

By end of 2016, three rounds of FTA negotiations with Singapore were completed. Accordingly, the proposed FTA with Singapore is a comprehensive in nature covering Trade in Goods, Trade in Services, Investment, Telecommunications and E Commerce, Financial services, Intellectual Property, Competition and Transparency, SPS and TBT and Customs Procedures and Trade Facilitations etc. It is proposed to finalize the agreement with Singapore by end of 2017.

2.1.1.8 Proposed Economic and Technical Cooperation Agreement

The second round of negotiations of the ETCA with India was completed in 2016. During the negotiations, scope of the agreement and modalities of implementation were discussed. The proposed ETCA will cover trade in goods, trade in services, investment, technical and economic cooperation and Customs Procedures and trade facilitation. It is also proposed to complete the ETCA negotiations by end of 2017

2.2. International Trade under FTAs

The Table 2.10 shows the trade details under the Trade Agreement of Sri Lanka in 2016.

Table 2.10 Imports and Exports under Trade Agreements by Sri Lanka in 2016

No	Trade Agreement	CIF Value of Imports (Rs. Mn)	FOB Value of Exports (Rs. Mn)
1	India Sri Lanka Free Trade Agreement (ISFTA)	27,216	57,576
2	Pakistan Sri Lanka Free Trade Agreement (PSFTA)	3,069	9,123
3	South Asia Free Trade Agreement (SAFTA)	972	1759
4	Asia Pacific Trade Agreement (APTA)	2,328	19,189
Total		33,585	87,647

Source: Department of Sri Lanka Customs, 2016

2.3 Trade Facilitation

Ministry of Finance has established the Ease of Doing Business Unit (EODBU) in May 2015 to facilitate a platform for resolving operational issues that the private sector faces in conducting their business operations. This unit has organized the Ease of Doing Business Forum every other month since 2015. The EODBU is using a web portal for the submission of queries. By end of 2016, ten forums were held under this initiative.

The queries that were submitted to the web portal have been tracked by the EODB Unit and directed by this Department to solve the relevant issues, specially the trade and tariff related issues. This Department has also involved to resolve the issues related to the policy matters which are related to strategic level decisions, act amendments, obtaining cabinet approvals, issuing of gazette notifications and etc.

The Government of Sri Lanka has identified the need to reform its trade policies and practices in order to support a more business-friendly environment, promote private sector growth and use the strategic position of the country to improve their competitiveness in the global market and to attract international direct investment through application of simplified border management measures in supporting trade.

The WTO Trade Facilitation Agreement aims at streamlining, harmonizing and modernizing customs procedures will come into force shortly. 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 the Trade Facilitation measures.

The Government has set priority to improve the trade facilitation measures in line with the WTO 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 WTO Trade Facilitation Agreement.

The NTFC is co-chaired by the Director General of Sri Lanka Customs and the Director General of Department of Commerce, is a 17 members Committee representing the public and private sectors. A Secretariat has been established to support the NTFC ensuring effective coordination and implementation of the TFA and any other trade facilitation initiatives in Sri Lanka. The Department of Trade and Investment Policy is representing the Ministry of Finance at the NTFC of Sri Lanka.

Sri Lanka has finalized its implementation schedule under the WTO TFA with categories of A, B and C and already deposited to the WTO. Category A, B and C contained 15, 03, 23 commitments respectively and to be implemented by Sri Lanka when the WTO FTA is coming to force in early 2017 and Sri Lanka has explored technical assistance from the International Trade Centre and the World Bank for implementation of its commitments under the categories B and C to the WTO Trade Facilitation Agreement.

2.4 Import Tariff Structure

“Harmonized Commodity Description and Coding System” commonly known as Harmonized System (HS) is the Customs Tariff Nomenclature and Classification used for the purpose of identifying goods and levying Customs Duties and other taxes on imported and exported goods. It is also useful for the collection of import and export trade statistics. Sri Lanka has allocated 08

digits HS codes accordingly, where the last two digits of the HS codes correspond to the National Sub Divisions created for specific requirements of Sri Lanka.

Trade and Tariff Policies are implemented on the basis of legislative provisions contained in the Revenue Protection Act No. 19 of 1962 and the Customs Ordinance (Chapter 235) amended, (Special Commodity Levy Act, Ports and Airports Development Levy Act and the excise (special provisions) Act No.13 of 1989.

Considering the impact on the various stakeholders, different duty rates were imposed on different items in 2016. Except for few items, in general, raw materials, intermediate goods for local industries are kept at zero or lower duty and higher duty rate for finished products. Sri Lanka has adopted a three band Tariff system consisting of 0 band, 15% band and 30% band in 2016 to facilitate the trade flows with a very few alternative rates. The tariff structure showing the numbers of HS Codes under each tariff rates at the end of the year 2016 are given in the Table 2.11.

Table 2.11 Tariff Structure as at December 31st, 2016

No	Tariff Rate	No. of Tariff Lines (HS 2012 : 8 Digits)	Percentage
1	Free	3,938	55.92
2	5%	2	0.03
3	10%	9	0.13
4	15%	1,309	18.59
5	25%	25	0.36
6	30%	1,430	20.31
7	75%	03	0.04
8	85%	01	0.01
8	125%	05	0.07
9	Specific	65	0.92
10	Specific & Ad- valorem	255	3.62
Total		7,042	100.00

Source: Department of Trade and Investment Policy, 2016

Table 2.12 Changes made in Tariff Structure from 2009 to 2016

No	Tariff Bands	No. of Tariff Lines (8 digits)							
		2016	2015	2014	2013	2012	2011	2010	2009
1	Free	3,938	3,922	3,410	3,379	3,024	3,024	2,967	764
2	2.5%								2,087
3	5%	2				410	412	415	
4	6%								475
5	7.5%			188	184				
6	10%	9							
7	15%	1,309	1,324	1,601	1,590	1,587	1,508	1,516	1,541
8	25%	25		1,450	1,415				
9	28%								1,382
10	30%	1,430	1,457			1,504	1,323	1,327	
11	Luxury Rates	9	9	9	9	9	9	9	9
12	Specific/ Unit Rates	65	67	84	84	84	77	60	52
13	Specific or Ad-valorem	255	186	184	183	200	162	193	210
Total		7,042	6,965	6,926	6,844	6,818	6,515	6,487	6,520

Source: Department of Trade and Investment Policy. 2016

2.4.1 Newly Added National Sub Division's to the Harmonized System in 2016

The HS National Sub Divisions, created under Harmonized System in 2016 are summarized in the annexure 1, in the Table 4.1. Accordingly a total of 131NSDs were created to facilitate the trade, investment and industry in 2016. In 2016, a total of 52 NSDs were removed as they become obsolete.

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 annexed to the Table 4.2. In 2016, a total of 07 orders were made under Revenue Protection Act to facilitate the trade and Industry, The regulation issued under section 101 of the customs ordinance Annex to the Table 4.3.

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 2016 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 21 orders were made under the Special Commodity Levy Act in 2016 Table 4.4 to promote its objectives.

2.5 Duty Waivers

Customs Import Duty (CID) could be waived off for approved basis including Special Projects as approved by Cabinet of Ministers under the Section 19(A) of the Customs Ordinance (Chapter 235). Accordingly, in 2016, 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. A summary of Customs Import Duty Waivers granted in 2016 is summarized in Table 2.13.

Table 2.13 Duty Waivers granted under the 19(A) of the Customs Ordinance in 2016

No	Sector	No. of Permit issued for Duty Waivers
1	Defense	365
2	Education	277
3	Health	55
4	Infrastructure	102
5	Water Supply	493
6	Other	837
Total		2,129

Source: Department of Trade and Investment Policy, 2016

In terms of Section 19(A) of the Customs Ordinance ‘*the Minister may, if he deems it expedient in the public interest so to do, by order, exempt any goods imported by, or consigned to any person specified in the order from the whole or any part of the duties of customs liable thereon, subject to such conditions as may be specified in the Order*’. Accordingly, this Department has been assigned to implement the granting of duty waivers in accordance with the powers vested with the Hon. Minister of Finance. A summary of general duty waivers granted during 2016 are tabulated in table 2.14.

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

No	Item	Current CID Rate	Duty Waiver	Recoverable CID	Period
1.	Diesel	Rs.15 per Liter	Rs.06 per liter	Rs. 09 per liter	05.12.2014 to 22.06.2016
			No	Rs. 15 per liter	Removed Duty Waiver with effect from 23.06.2016
2.	Wheat Grain	15% or Rs.10 per kg	Fully waive	No	30.01.2015 to 08.02.2016
			Rs. 4 /-Per Kg	Rs. 6 /-Per Kg	09.02.2016 to 15.09.2016
		15% or Rs.12 per kg	No	15% or Rs.12 per kg	15.09.2016
		15% or Rs.12 per kg	Rs. 3/-Per Kg	Rs. 9 /-Per Kg	10.12.2016 to date
3.	Milk Powder	20% or Rs. 225/- per Kg	Rs. 90 per Kg	Rs. 135 /- Per Kg	15.07.2016 10.11.2016
			Rs.125 per Kg	Rs. 100 per Kg	11.11.2016 to 19.12.2016
			Rs. 180 per Kg	Rs. 45 per Kg	20.12.2016 to date

Source: Department of Trade & Investment Policy, 2016

2.6 Trade Policy Review

WTO Trade Policy Review on Sri Lanka, which is to take place once in 05 years was held in 2016. In the Trade Policy Review inter alia, non compliance to the WTO bound rate commitments was raised as one of the trade policy issues in Sri Lanka. In response, Sri Lanka adjusted Customs Import Duty on a total of 132 tariff lines in 2016 in order to ensure the compliance to the bound rate commitments of Sri Lanka to the WTO.

Another issue that was pointed out at the Trade Policy Review, is the application of Para –Tariffs namely Special Commodity Levy, CESS duty and Ports and Airports Development Levy. In the case of the Special Commodity Levy, Sri Lanka has justified the SCL as a composite Duty in place of the Customs Import Duty to facilitate the consumers and farmer as appropriate.

Sri Lanka further removed the application of CESS Duty on a total of 100 Tariff lines under the rationalization of duty structure in 2016.

2.7 INVESTMENT

2.7.1 Foreign Outward Investment

Prior approval needs to be obtained from the Hon. Minister in charge of the subject of Finance in terms of Section 17(2) of the Exchange Control Act for any outward investment. The Central Bank of Sri Lanka submits such proposals with their recommendations to the Department of Trade and Investment Policy in order to obtain the approval from the Hon. Minister in charge of the subject of Finance. During the year, approvals for the outward investments were given in a controlled manner while maintaining a healthy foreign reserve in the country. Accordingly, during the year 2016, approvals which have been granted for the outward investments are mentioned in the Table 2.15.

Due to the unavoidable issues faced by the investors, they request to divest their investment in outside Sri Lanka. As per the provisions of the Exchange Control Act it is needed to obtain prior approval of the Hon. Minister of Finance. Accordingly, during the year 2016, approvals have been granted for the investors to divest their shareholdings are shown in the Table 2.16.

Table 2.15 Outward Investments approved in 2016

No	Company	Sector of Investment	Amount of Investment	Country	Remarks
1	LTL Holdings Pvt Ltd	Power sector	INR 375 mn	India	To acquire 99.06% stakes in Asiatic Electrical Switchgear Pvt Ltd
2	Hayleys PLC	Hotel Industry	USD 10 mn	Maldives	To invest in Luxury Resorts Pvt Ltd of Maldives
3	Commercial Bank PLC	Banking Sector	USD 7 mn	Maldives	To acquire 55% of the subsidiary incorporated in Maldives called Commercial Bank of Maldives
4	Browns Hotels and Resorts Ltd	Hotel Industry	USD 9 mn	Maldives	To acquire 51% of the NPH Investment Pvt Ltd of Maldives
5	Lanka ORIX Leasing Company PLC	Micro Financing	USD 6 mn	Myanmar	To acquire shares of LOLC Myanmar Microfinance Co. Ltd

Source: Department of Trade & Investment Policy, 2016

Table 2.16 Divestment approvals given in 2016

No	Company	Sector of Investment	Country	Remarks
1	Lanka ORIX Leasing Company PLC	Micro financing	Cambodia	To divest 24,475,000 shares in Prasac Microfinance Institution Ltd in Cambodia
2	Aitken Spence PLC	Power Sector	Bangladesh	To divest 6,400 shares in Ace Alliance Power Ltd and 5,100 shares in Alliance Spence Power Ltd of
3	Nations Trust Bank PLC	Finance	USA	To divest 13,590 shares in MasterCard Inc. USA

Source: Department of Trade & Investment Policy, 2016

2.7.2 Investments under the Temporary 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 the section 16 of the BOI Act, which are not entitled to import of inputs on duty free basis for the export purpose. Department of Trade and Investment Policy has facilitated the Department of Sri Lanka Customs and the Ministry of Industry and Commerce for approval process for the requests made by investors. Accordingly, during the year 2016, facilities made under TIEP scheme are mentioned in the Table 2.17.

Table 2.17 TIEP facilities requested during the year 2016

No	Company	Sector of Investment	Exporting Country	Remarks
1	Accolade Composite Technologies Ltd	Automotive Industry	Japan, South Africa, Latin America, Afghanistan, Pakistan, Cambodia, Papua New Guinea, Vietnam, Bangladesh and Burma	Restoration and export of used /damaged vehicles
2	Tokyo Imports and Export Company (Pvt) Ltd,	Automotive Industry	Japan	Motor Cycles manufacturing Industry
3	Alba E Tech Lanka (Pvt) Ltd	Automotive Industry	Distribute locally	To manufacture electric three wheelers with a local value addition over 60%. JV with LongwangJinnngshang Company in China which hold 60% shares

Source: Department of Trade & Investment Policy, 2016

2.7.3 Exchange Control Matters

Department of Trade and Investment Policy receive the appeals from the Investors, Authorized Dealers, Money Exchangers to annul/ reduce the penalty imposed by the Exchange Control Department for contravention of the provisions of the Exchange Control Act No. 24 of 1953 as amended. By virtue of the power vested to Hon. Minister as per the Section 52(8) of the Exchange Control Act, Minister may confirm/ annul/ reduce the penalty imposed by the Exchange Control Department.

Accordingly, appeals received under the Exchange Control Act, during the year 2016 are as per the Table 2.18

Table 2.18 Appeals received under the Exchange Control Act in 2016

No	Appellant	Appeal	Section of the Exchange Control Act
1	City Bank NA Colombo	Appeal to waive off the penalty	Violating Section 6 & 7 Appeal under Section 52(8) of the ECA No. 24 of 1953
2	IWS Logistics	Appeal to waive off the penalty	Appeal under Section 52(8) of the ECA No. 24 of 1953
3	Amana Bank	Appeal to waive off the penalty	Appeal under Section 52(8) of the ECA No. 24 of 1953
4	Vidulanka PLC	Appeal to waive off the penalty	Appeal under Section 52(8) of the ECA No. 24 of 1953
5	Mayurie Money Exchange	Appeal to waive off the penalty	Violating Section 51 of the ECA
6	SK Investments	Appeal to waive off the penalty	Violating Section 5(1), 7(a), 10(1) & 15(a) Appeal under Section 52(8) of the ECA No. 24 of 1953
7	M/s GTV Enterprises (Pvt)Ltd	Appeal to waive off the penalty	Appeal under Section 52(8) of the ECA No. 24 of 1953

Source: Department of Trade & Investment Policy, 2016

2.8 International Co-operation

2.8.1 SAARC Development Fund (SDF)

Requirement of a single umbrella financing mechanism for South Asia Association for Regional Cooperation (SAARC) related programs and projects were recognized by all the SAARC member countries to minimize operational issues with the proliferation of multitude of funds within the SAARC region. In the context of this broad consensus, the SAARC Development Fund (SDF) was established by the member countries.

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, making annual contributions, facilitating SDF officials visiting to Sri Lanka etc. With the view of performing these tasks, the Deputy Secretary to the Treasury and the Director General of Department of Trade and Investment Policy were nominated as the Director and Alternative Director respectively to represent Sri Lanka. Accordingly, during the year, they have attended for the meetings scheduled in the Table 2.19.

Table 2.19 Participation of SAARC Development Fund Meetings in 2016

No	Name of the Meeting	Participant	Date and Venue
1	24 th Board of Directors meeting	Mr.S.R.Attygalla Deputy Secretary to the Treasury	20 th August, Bhutan
2	25 th Board of Directors meeting	Director General Department of Trade and Investment Policy	08 th October, Pakistan

Source: Department of Trade & Investment Policy, 2016

With a view to expedite the implementation of the projects, funded by the SDF, this Department conducted four progress review meetings to closely monitor the quarterly progress as per annual activity plan.

Projects implemented with the financial assistance of SDF;

1. Strengthening the livelihood Initiatives for home based workers in SAARC Region (Phase I and II)
2. Strengthening Maternal & Child Health Including Immunization
3. South Asia Initiative of End Violence Against Children (SAIEVAC)
4. Post-harvest management and value addition of fruits in production catchment in SAARC Countries
5. Strengthening of Water, Sanitation and Hygiene (WASH) Services in Sri Lanka

2.8.2 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 cooperation 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 cooperation 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 cooperation 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 fora 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, and
- To promote research on economic and financial issues for the mutual benefit of SAARC member countries

During the year following meetings of the SAARC Finance were held with the participation of the bellow mentioned officers of this Department.

Table 2.20 SAARC Finance Meetings in 2016

No	Name of the Meeting	Participant	Date
1	8 th Meeting of SAARC Inter-Governmental Expert Group on Financial Issues	Director (Investments)	20-21 July 2016 Islamabad Pakistan
2	24 th SAARC Finance Coordinators meeting	<ul style="list-style-type: none"> • Director (Investments) • Assistant Director (Investments) 	1 st September 2016 Sri Lanka

Source: Department of Trade & Investment Policy, 2016

2.9 Bonded Cargo

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 main responsibility of this Department is to study the recommendations of the Director General of Customs in relation to bond operations and to obtain the approval of the Hon. Minister of Finance. During the year 2016, 12 applications were forwarded to the Hon. Minister of Finance and approval was granted for 05 Bonded Warehouses 01 was rejected, Others are in the process for approval.

Further, considering the current requirements and Government's priority of facilitating international trade and to meet the current needs created in the area of industrial development, we prepared a new Policy Framework for appointing of Public Customs Bonded Warehouses under Section 69 of the Customs Ordinance.

3. PERFORMANCE ON ADMINISTRATION AND FINANCE

3.1 Administration

The Department headed by the Director General, is comprised of a total of 50 staff members. The approved cadre of the Department is 58 and were 8 posts were vacant at the end of the year 2016. The details of the cadre is shown in Table 3.1 matters related with internal administration and human resources development of the Department are handled by the Administration and Finance Division. Statistics relating to the human resources management are tabulated in the Tables 3.2, 3.3,3.4,3.5

Table 3.1 Cadre Position as at December 31st, 2016

No	Designation	Approved Cadre	Present Cadre	Vacancies
1	Director General (SLAS Special Grade)	01	01	-
2	Additional Director General (SLAS Special Grade)	01	01	-
3	Director (SLAS I)	03	03	-
4	Deputy Director /Asst.Director (SLAS II, III)	07	04	03
5	Deputy Director /Asst.Director (SLPS II, III)	01	01	-
6	Accountant (SLAcS III)	01	01	-
7	Administrative Officer (PMAS Supra Grade)	01	01	-
8	Information and Communication Technology Officer (ICTS 2/1)	02	02	-
	Research Assistant / Development Officer	08	07	01
10	Public Management Assistant	20	16	04
11	Driver	05	05	-
12	Office Employee Service	08	08	-
Total		58	50	08

Source: Department of Trade & Investment Policy, 2016

Table 3.2 Officers Joining to the Department in Year 2016

No	Name	Designation	Date of Joined
01	Mrs. M.N.D. Gunarathna	Director	08.01.2016
02	Mrs. D.T. Sutharshan	Assistant Director	01.02.2016
03	Mr. E.A.P.P. Chandana	Administrative Officer	05.09.2016
04	Mrs. S.M. Mahagedara	Development Officer	02.05.2016
05	Ms. I.B.A. Jayasekara	Management Assistant	11.04.2016
06	Mrs. W.R.N. Fernando	Management Assistant	18.07.2016
07	Mrs. R.A.S.C. Ranathunga	Management Assistant	05.07.2016
08	Mrs. E.A.P.I. Gunasekara	Management Assistant	18.07.2016
09	Mr. G. Dayarathna	Driver	05.01.2016
10	Mr. L.A. Nandasena	Driver	14.01.2016
11	Mr. K.W.I. Nishantha	Driver	10.08.2016
12	Mr. S.H.A. Priyantha	Office Employee Service	08.07.2016
13	Mr. K.M. Pamarathna	Office Employee Service	18.07.2016

Source: Department of Trade & Investment Policy, 2016

Table 3.3 Officers Left from the Department in year 2016

No	Name	Designation
01	Mrs. S.W.C. Jayamini	Director
02	Mrs. L.A.G.N. Liyanarachchi	Assistant Director
03	Mrs. D.K. Oshani	Assistant Director
04	Mr. S.P.M.D. Wijewardana	Research Assistant
05	Mr. S.L. Widanapathirana	Management Assistant
06	Mrs. D.T.P. Ganegoda	Management Assistant
07	Mrs. J.D.S.D.J. Fernando	Management Assistant
08	Mr. S.W. Gamage	Management Assistant
09	Mrs. G.M.S. Pushpalatha	Management Assistant
10	Mrs. H.M.L.D. Herath	Management Assistant
11	Ms. N. Siribaddanage	Management Assistant
12	Mr. L.A. Nandasena	Driver
13	Mr.G. Dayarathna	Driver
14	Mr. K.W.I. Nishantha	Driver
15	Mr. R.K.K. Kumarasiri	Driver
16	Mr. S.M.K. Samarakoon	Office Employee Service
17	Mr. H. Swarnasiri	Office Employee Service
18	Mr. S.H.A. Priyantha	Office Employee Service

Source: Department of Trade & Investment Policy, 2016

Table 3.4 Officers Attended Foreign Training Programme/Workshops and Meeting in 2016

Designation	Name	Country	Purpose	Period
Director General	Mr. K.D.N. Ranjith Asoka	Japan	Seminar	22.02.2016 26.02.2016
		U.S.A.	Training	25.04.2016 30.04.2016
		Belgium	Delegation	11.05.2016
		Pakistan	Meeting	22.08.2016 27.08.2016
Additional Director General	Mr. K.A.S.S.K. Perera	South Korea	Training	04.04.2016 08.04.2016
		Maldives	Meeting	25.05.2016 26.05.2016
Director	Mr. B.P.C. Kularatne	India	Training	22.09.2016 23.09.2016
		Philippines	Seminar	22.11.2016 24.11.2016
	Mr. K.A. Vimalenthirarajah	Japan	Seminar	23.02.2016 25.02.2016
		U.S.A.	Training	04.04.2016 15.04.2016
		Thailand	Delegation	15.05.2016 19.05.2016
		Singapore	Delegation	06.06.2016
		U.S.A.	Training	21.08.2016 02.09.2016
		India	Delegation	29.09.2016 30.09.2016
		Switzerland	Delegation	01.11.2016 03.11.2016
		China	Delegation	21.11.2016 23.11.2016
		Singapore	Delegation	13.12.2016 15.12.2016
	Mrs. M.N.D. Gunarathna	Pakistan	Meeting	20.07.2016 21.07.2016
	Assistant Director	Mr. M.D.J.C. Murage	Thailand	Meeting
Mr. R.L. Weerasekara		China	Training	22.09.2016 28.09.2016

	Mrs. W.E. Godagama	Thailand	Training	24.07.2016 31.07.2016
Development Officer	Ms. M. Nandani	China	Training	07.09.2016 27.09.2016
	Mr. B.L. Sudarshana	China	Training	19.05.2016 08.06.2016
	Mr. S.W.G.M. Karunaratne	China	Training	19.05.2016 08.06.2016
	Mrs. J.A.D.U. Ranasinghe	China	Training	25.05.2016 14.06.2016
	Ms. K.M.G.A. Kasthuri	Singapore	Training	01.08.2016 12.08.2016

Source: Department of Trade and Investment Policy, 2016

Table 3.5 Officers Attended Local Training Courses/ Seminars in 2016

Designation	Name	Course	Period
Director	Mr. K.A. Vimalenthirarajah	Microeconomic for Public Management and Policy Analysis	11.08.2016 12.08.2016
		Trade in Service Workshop	27.06.2016 28.06.2016
Assistant Director	Mr. M.D.J.C. Murage	Trade in Service Workshop	27.06.2016 28.06.2016
		Finance Management for Non Finance Managers	09.08.2016
	Mrs. H.G.T. Prasangika	Sri Lanka Economic Association (SLEA) Annual Session 2016	21.10.2016 22.10.2016
		Capacity Building Program for the Officers of Sri Lanka Administrative Services (SLAS)- class III	21.11.2016 25.11.2016
	Mr. G.D.S.P. Kumara	Trade in Service Workshop	27.06.2016 28.06.2016
		Finance Management for Non Finance Managers	09.08.2016
		Training Programme on Disaster Risk Management	13.06.2016 17.06.2016
		Introduction and Market Accessories Analysis Tools and(Quantitative)Analyzing Trade Agreement	29.11.2016
		Negotiation of Bilateral and Regional Trade Agreement	30.11.2016
		Formulation a National Trade Policy	01.12.2016
	Mr. R.L. Weerasekara	Finance Management for Non Finance Managers	09.08.2016
	Mrs. W.E. Godagama	Microeconomic for Public Management and Policy Analysis	11.08.2016 12.08.2016

Research Assistant	Mr.K.D.J. Wasantha	Trade in Service Workshop	27.06.2016 28.06.2016
Development Officer	Mrs. S.M. Mahagedara	Trade in Service Workshop	27.06.2016 28.06.2016
		Introduction and Market Accessories Analysis Tools and(Quantitative)Analyzing Trade Agreement	29.11.2016
	Ms. K.M.G.A. Kasthuri	Trade in Service Workshop	27.06.2016 28.06.2016
		Negotiation of Bilateral and Regional Trade Agreement	30.11.2016
	Mr. S.W.G.M. Karunarathne	Formulation a National Trade Policy	01.12.2016
Public Management Assistant	Mrs. W.S.P. Perera	Training Programme for Efficiency Bar Examination relevant to officers in Grade 1	07.10.2016 08.10.2016
		Mrs. M. Kirubha	Certificate in SLIDA Computer Driving License (SLIDA-CDL)
	File Management & General Office Administration & E Code		21.11.2016 23.11.2016
	Ms. N. Siribaddanage	Certificate in SLIDA Computer Driving License (SLIDA-CDL)	14.03.2016 01.04.2016
		Maintenance of Office Equipments	11.08.2016 12.08.2016
	Mrs. M.A.D.S. Mallawarachchi	Training Programme on the e concept and State Offices For Information Technology Use	07.11.2016 08.11.2016
	Mrs. M.G.M.D. Wimalarathne	Diploma in information Technology	13.03.2016 16.10.2016
	Mrs. A. Dissanayake	Diploma in information Technology	13.03.2016 16.10.2016
		Financial Regulations in the Public Sector	21.11.2016 22.11.2016
	Mrs. W.A.N. Wickramasinghe	Diploma in information Technology	13.03.2016 16.10.2016
		Maintaining Accounting Books	29.08.2016 30.08.2016
	Mrs. M.N. Dilrukshi	Workshops on salary conversion	12.05.2016 13.05.2016
		Financial Regulations in the Public Sector	21.11.2016 22.11.2016
		Training Programme on the Accounting	27.08.2016

	Mr. T.M. Amaradasa	Workshops on salary conversion	12.05.2016 13.05.2016
	Ms. W.R.R. Wickramasinghe	Workshops on salary conversion	12.05.2016 13.05.2016
	Ms. I.B.A. Jayasekara	Workshopson salary conversion	12.05.2016 13.05.2016
Training Programme on the E concept and State Offices For Information Technology Use		07.11.2016 08.11.2016	
Driver	Mr. K.D.Thusitha	One day Workshop For Drivers	01.03.2016
		Scientific, Economic and Protected Driving - Drivers Service	06.09.2016
		Training Programme – Drivers Service	20.03.2016
	Mr. R.A.D.C. Priyadarshana	One day Workshop For Drivers	01.03.2016
		Scientific, Economic and Protected Driving - Drivers Service	06.09.2016
		Training Programme– Drivers Service	20.03.2016
	Mr. L.A. Nandasena	Training Programme – Drivers Service	20.03.2016
	Mr. L.A.V.C. Jinendra	Training Programme – Drivers Service	20.03.2016
Mr. K. Jayasiri	Drivers Training Programme -2 nd Step	01.10.2016	
Office Employee Service	Mrs.W.G. M.Gunawardena	Function of K.K.S. for high Labour Productivity	08.03.2016
	Mr.D.S.N.Suranga	Function of K.K.S. for high Labour Productivity	16.06.2016 17.06.2016
	Mr.A.K.P.R. Ubeysekara	Function of K.K.S. for high Labour Productivity	16.06.2016 17.06.2016

Source: Department of Trade and Investment Policy, 2016

3.2 The Special Scheme Projects

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

As per the Budget Proposal 2016 Trade and Investment Policy Circular No.01/2016 issued to implement the concessionary motor vehicle import scheme for the officers of government, corporation and statutory boards with effect from 21.11.2015. During the year 2016, 1,020 permits were issued under this Circular.

3.2.2 Concessionary Scheme for Importation of Motor Vehicles under PAC 22/99 for Senior Public Officers who retired from the Government Service.

As per the Cabinet Decision dated 24.05.2016, the concessionary scheme for importation of motor vehicles under PAC 22/99 has been re-implemented with effect from 21.11.2015, which was suspended as per the Budget Proposal of 2016.

Under the revised Public Administration Circular No. 22/99(XXXII) dated 14.06.2016. 228 permits were issued during the year.

3.3 Finance Division

With the view to achieving the objectives of the Department, a sum of Rs.55,025,000 from which Rs.49,925,000 for recurrent expenditure and Rs.5,100,000 for capital expenditure were provided in the estimates for the year 2016 under Head 244, Programme 1 and Project 1. The actual expenditure incurred during the year under review against this provision was Rs.50,148,002 consisting of Rs.47,066,000 and Rs.3,082,002 as recurrent and capital expenditure respectively. The utilization of the budgeted provisions and the Public Officers Advance 'B' Account are shown in the Table No.3.6 and 3.7 respectively.

Table 3.6 Utilization of Budget Estimate in 2016

No	Description on Expenditure	Budget 2016 (Rs.)	Actual Expenditure 2016 (Rs.)	Percentage
	Recurrent Expenditure			
1	Personal Emoluments	31,500,000	30,652,898	97.3
	Traveling Expenses	6,800,000	6,458,277	95.0
	Supplies	2,725,000	2,651,384	97.0
	Maintenance Expenditure	2,050,000	1,803,809	88.0
	Services	5,900,000	4,819,710	82.0
	Transfers	950,000	679,922	71.5
	Sub Total	49,925,000	47,066,000	94.2
		Capital Expenditure		
2	Rehabilitation and Improvement of Capital Assets	200,000	-	-
	Acquisition of Capital Assets	4,000,000	2,214,745	55.4
	Capacity Building	900,000	867,257	96.3
	Sub Total	5,100,000	3,082,002	60.4
Grand Total		55,025,000	50,148,002	88.9

Source: Department of Trade and Investment Policy, 2016

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 2016

No	Description	Approved Limit (Rs.)	Actual Amount (Rs.)
1	Maximum Limit of Expenditure	2,000,000	1,999,994
2	Minimum Limit of Receipts	1,300,000	1,881,690
3	Maximum Limit of Debit Balance	12,000,000	8,074,401

Source: Department of Trade and Investment Policy, 2016

3.4 Audit Queries

Audit queries raised by the Auditor General's Department and the Department of Management Audit during the year under review were responded and remedial measures were taken to rectify the weaknesses where necessary.

4. ANNEXES

Annex - I

Table 4.1 NSD's to the Harmonize System in 2016

No	HS Code	Description in 2016	Duty Rate
1	1207.10.10	Palm nuts certified and rendered inedible by chemical treatment	Free
2	1207.10.90	Other	30%
3	1511.90.30	Crude Palm Olen	30% or Rs.66/kg
4	2203.00.10	Canned beer less than 350ml	Rs. 500/- per l
5	2203.00.20	Canned beer 350ml or more	Rs. 500/- per l
6	2203.00.90	Other	Rs. 500/- per l
7	2206.00.10	Non alcoholic beverages	Rs. 400/- per l
8	2206.00.90	Other	Rs. 400/- per l
9	3215.90.10	Ink for felt pens	Free
10	3401.30.10	Wet Cleansing	30%
11	3401.30.90	Other	30%
12	3402.11.10	Wet Cleansing	Free
13	3402.11.90	Other	Free
14	3402.12.10	Wet Cleansing	Free
15	3402.12.90	Other	Free
16	3402.13.10	Wet Cleansing	Free
17	3402.13.90	Other	Free
18	3402.19.10	Wet Cleansing	Free
19	3402.19.90	Other	Free
20	3402.20.20	Wet Cleansing	30%
21	3403.19.10	Lubricants used for motor vehicles	30%
22	3403.19.90	Other	Free
23	3403.99.10	Lubricants used for motor vehicles	30%
24	3403.99.90	Other	Free
25	3603.00.10	Safety fuses	15%
26	3603.00.20	Detonating fuses	15%
27	3603.00.30	Percussion caps	15%
28	3603.00.40	Detonating caps	15%
29	3603.00.50	Ignitors	15%
30	3603.00.60	Electric detonators	15%
31	3824.90.20	Road marking paints	15%
32	3924.90.20	Ionic absorption micro water filters, less than 1L	Free
33	4011.20.11	Tyre casing without marking	15% or Rs.80/kg
34	4011.20.19	Other	15% or Rs.80/kg
35	4418.71.20	Of bamboo	Free
36	4418.72.20	Of bamboo	Free

37	4418.90.10	Of bamboo	Free
38	4418.90.90	Other	30%
39	4818.20.10	Wet Cleansing	30%
40	4818.20.90	Other	30%
41	5603.11.10	Wet cleansing	Free
42	5603.11.90	Other	Free
43	8302.10.20	Of Steel	30% or Rs.60/kg
44	8421.29.10	Disposal sterilized dialyzer	Free
45	8421.29.90	Other	Free
46	8427.90.10	Hand operated pullet trucks with hydrolic jacks	Free
47	8427.90.90	Other	Free
48	8703.21.64	All-terrain vehicle (ATV)	Free
49	8703.21.73	All-terrain vehicle (ATV)	Free
50	8703.23.54	Hybrid electric vehicles of a cylinder capacity exceeding 1,600 cc -1800cc	15%
51	8703.23.55	Other, of a cylinder capacity exceeding 1,600 cc-1800	30%
52	8703.23.56	Other hybrid electric vehicles	15%
53	8703.23.59	Other	30%
54	8703.23.64	Hybrid electric vehicles of a cylinder capacity exceeding 1,600 cc -1800cc	15%
55	8703.23.65	Other, of a cylinder capacity exceeding 1,600 cc-1800	30%
56	8703.23.66	Other hybrid electric vehicles	15%
57	8703.23.69	Other	30%
58	8703.32.54	Hybrid electric vehicles of a cylinder capacity exceeding 1,600 cc -1800cc	15%
59	8703.32.55	Other, of a cylinder capacity exceeding 1,600 cc-1800	30%
60	8703.32.56	Other hybrid electric vehicles	15%
61	8703.32.59	Other	30%
62	8703.32.62	Hybrid electric vehicles of a cylinder capacity not exceeding 1,600 cc	15%
63	8703.32.63	Other of a cylinder capacity not exceeding 1,600 cc	30%
64	8703.32.64	Hybrid electric vehicles of a cylinder capacity exceeding 1,600 cc -1800cc	15%
65	8703.32.65	Other, of a cylinder capacity exceeding 1,600 cc-1800	30%
66	8703.32.69	Other	30%
67	8703.90.41	Not more than three years old	15%
68	8703.90.42	More than three years old	30%
69	8703.90.51	Capacity of motors not exceeding 50 kw	15%
70	8703.90.52	Capacity of motors exceeding 50 kw but not exceeding 100kw	15%
71	8703.90.53	Capacity of motors exceeding 100 kw but not exceeding 200kw	15%

72	8703.90.54	Capacity of motors exceeding 200 kw	15%
73	8703.90.61	Capacity of motors not exceeding 50 kw	30%
74	8703.90.62	Capacity of motors exceeding 50 kw but not exceeding 100kw	30%
75	8703.90.63	Capacity of motors exceeding 100 kw but not exceeding 200kw	30%
76	8703.90.64	Capacity of motors exceeding 200 kw	30%
77	8703.90.71	Capacity of motors not exceeding 50 kw	15%
78	8703.90.72	Capacity of motors exceeding 50 kw but not exceeding 100kw	15%
79	8703.90.73	Capacity of motors exceeding 100 kw but not exceeding 200kw	15%
80	8703.90.74	Capacity of motors exceeding 200 kw	15%
81	8703.90.81	Capacity of motors not exceeding 50 kw	30%
82	8703.90.82	Capacity of motors exceeding 50 kw but not exceeding 100kw	30%
83	8703.90.83	Capacity of motors exceeding 100 kw but not exceeding 200kw	30%
84	8703.90.84	Capacity of motors exceeding 200 kw	30%
85	8703.90.93	Other electric vehicles , not more than three years old	15%
86	8703.90.94	Other electric vehicles , more than three years old	30%
87	8703.90.95	Other, not more than three years old	15%
88	8703.90.99	Other, more than three years old	30%
89	8704.22.41	Tankers and bowsers not more than five years	Free
90	8704.22.42	Tankers and bowsers more than five years old but less than ten years old	Free
91	8704.22.43	Tankers and bowsers more than ten years old	Free
92	8704.22.51	Garbage trucks not more than five years old	Free
93	8704.22.52	Garbage trucks more than five years old	Free
94	8704.22.61	Other, not more than five years	Free
95	8704.22.62	Other, more than five years old but less than ten years old	Free
96	8704.22.63	Other, more than ten years old	Free
97	8704.23.51	Tankers and bowsers not more than five years	Free
98	8704.23.52	Tankers and bowsers more than five years old but less than ten years old	Free
99	8704.23.53	Tankers and bowsers more than ten years old	Free
100	8704.23.61	Garbage trucks not more than five years old	Free
101	8704.23.62	Garbage trucks more than five years old	Free
102	8704.23.71	Other, not more than five years	Free
103	8704.23.72	Other, more than five years old but less than ten years old	Free
104	8704.23.73	Other, more than ten years old	Free

105	8704.32.41	Tankers and bowsers not more than five years	Free
106	8704.32.42	Tankers and bowsers more than five years old but less than ten years old	Free
107	8704.32.43	Tankers and bowsers more than ten years old	Free
108	8704.32.13	Garbage trucks not more than five years old	Free
109	8704.32.14	Garbage trucks more than five years old	Free
110	8704.32.61	Other, not more than five years	Free
111	8704.32.62	Other, more than five years old but less than ten years old	Free
112	8704.32.63	Other, more than ten years old	Free
113	8707.10.10	Used vehicle bodies fully equipped with fittings and accessories	15%
114	8707.10.20	Other vehicle bodies fully equipped with fittings and accessories	15%
115	8707.10.30	Used vehicle bodies fully equipped with fittings and accessories excluding seats and upholstery	15%
116	8707.10.40	Other vehicle bodies fully equipped with fittings and accessories excluding seats and upholstery	15%
117	8707.10.50	Rough coated ,bare body frame with / without doors, bonnet and boot lid	15%
118	8707.10.60	Used bare body fram with/ without doors bonnet and boot lid	15%
119	8707.10.90	Other	15%
120	8707.90.41	Used vehicle bodies fully equipped with fittings and accessories	15%
121	8707.90.42	Other vehicle bodies fully equipped with fittings and accessories	15%
122	8707.90.43	Used vehicle bodies fully equipped with fittings and accessories excluding seats and upholstery	15%
123	8707.90.44	Other vehicle bodies fully equipped with fittings and accessories excluding seats and upholstery	15%
124	8707.90.48	Rough coated ,bare body frame with / without doors, bonnet and boot lid	15%
125	8707.90.49	Used bare body fram with/ without doors bonnet and boot lid	15%
126	8712.00.20	Used bicycle	30% or Rs. 3000/Unit
127	8714.99.91	Bicycle rims fitted with new tyres	30%
128	8714.99.92	Bicycle rims fitted with tyres showing signs of wear	30%
129	8714.99.99	Other	15%
130	8903.92.10	Jet Ski	Free
131	8903.92.90	Other	30%

Source: Department of Trade & Investment Policy, 2016

Table 4.2 Revenue Protection Act No. 19 of 1962 (Customs Import Duty)

No	RPO No. Description	Gazette No. & Date	Effective Date	Description
1	RPO/01/2016	1952/10 of 01.02.2016	01.02.2016	Customs Import Duty was increased on Rice from Rs. 35/- per Kg to Rs. Rs.50 per Kg
2	RPO/02/2016	1971/23 of 16.06.2016	17.06.2016	Creation new HS Code (National Sub Division) for Palm olein
3	RPO/03/2016	1979/45 of 12.08.2016	13.08.2016	Customs Import Duty revision on the PP Bags from 0% (Free) to Rs.15 per Kg to facilitate the local industry.
4	RPO/04/2016	1981/44 of 24.08.2016	25.08.2016	Customs Import Duty was increased on Ethyl Alcohol from Rs. 400/- per ltr. To Rs. 500 per ltr.
5	RPO/05/2016	1984/25 of 14.09.2016	15.09.2016	Customs Import Duty was increased on Wheat Grains from Rs. 10/- per Kg to Rs. 12 per Kg
6	RPO/06/2016	1992/26 of 10.11.2016	11.11.2016	Budget Proposals 2017 – Duty increased ethanol Rs.500 to 800 per liter,96 tariff lines adjusted according to the bound rate commitment to the WTO, New HS Code National sub divisions created for business community and duty of industrial raw materials has been reduced.
7	RPO/07/2016	1995/37of 02.12.2016	03.12.2016	Post Budget Customs Import Duty revisions – Lubricants 30% to 15%, Steel billets Rs. 8 per Kg

Source: Department of Trade and Investment Policy, 2016

Table 4.3 Changes under the Customs Ordinance (Chapter 235)

No	Legal Basis	Gazette No. & Date	Effective Date	Description
1.	Order made under Article 10 of Schedule 'E' of the Customs (Amendment) Act	1. 1956/17 of 01.03.2016	01.03.2016	Revised the method of Customs Valuation of Motor Vehicles
		2. 1967/53 of 19.05.2016	19.05.2016	Depreciated Value of Motor Vehicle Imported and Registered on 100% Duty Free Basis for Disposal Purposes (to diplomats and diplomatic organization)
		3.. 1976/5 of 20.07.2016	20.07.2016	
		4.1986/56 of 29.09.2016	29.09.2016	
		5. 1981/34 of 23.08.2016	23.08.2016	Method for determination of customs value for disposal of Machinery and Equipment imported on Re-Export Basis
2.	Regulations under Section 101	1. 1968/11 of 25.05.2016	26.05.2016	Revised the method of Customs Valuation of Motor Vehicles
		2.. 1971/10 of 14.06.2016	14.06.2016	
		3. 1992/28 of 10.11.2016	11.11.2016	Determination of cost of freight for customs valuation purpose
		4.. 1994/48 of 23.11.2016	23.11.2016	

Source: Department of Trade and Investment Policy, 2016

Table 4.4 Duty Revisions under Special Commodity Levy Act No. 48 of 2007

No	Gazette No & Date	Items	Duty Revisions
1	1950/30 – 2016.01.20	Maldivian Fish, Sprats, Green gram, Black gram, Chillies, Coriander, Turmeric, Black gram flour, Canned Fish	Extended validity period of the SCL Duty for another 6 months from 21 January, 2016.
2	1951/28- 2016.01.28	Maize , Vegetable Fats	Extended validity period from 29 January 2016 to 29 February 2016 for Maize and from 29 January 2016 to 28 April 2016 for Vegetable Fats.
3	1956 /10 – 2016.02.29	Potatoes, B'onions	Revised the duty rates on Potatoes Rs. 15 per Kg to Rs.35 per Kg and B'onions Rs.5 per kg to Rs. 25 per Kg with effect from 01 March 2016 to 4 month's period.
4	1957/5 – 2016 .03.08	Mackerel fish, Peas, Chickpeas, Cowpeas, Kurakkan, Margarine, Sugar, Vegetable Oil	Extended validity period for 6 months with effect from 08 March 2016.
5	1960/59 – 2016.04.01	Dried fish, Yogurt, Butter, Red onions, Garlic, Oranges, Grapes, Apples, Cumin, Fennel, Mathe seed, Kurakkan, Ground nut, Mustard seeds, Salt (15 items)	Extended validity period for 6 months with effect from 02 April 2016.
6	1966/26 – 12.05.2016	Vegetable Oil Margarine	Increasing SCL Duty by Rs. 20/ Kg effective from 13 May 2016
7	1967/57 – 20.05.2016	Fish, Red onions, Lentils, Dates, Cumin, Fennel	Increasing SCL Duty on Red Onion from Rs. 5 / Kg to Rs 25/ Kg and Fennel from Rs. 52/ Kg to Rs 162/ Kg and the Validly period of the other items was extended for another 6 months from 21 May, 2016.
8	1971/22 – 16.06.2016	Vegetable Oil Margarine	Increasing SCL Duty by Rs. 20/ Kg effective from 17 June 2016 to protect the local coconut Industry period for 6 months

9	1973/61 – 30.06.2016	Potato, B'onions and Maize	SCL duty 10% per Kg of Maize was imposed. Validity period of the SCL duty was extended on another 3 months from 01 July 2016 of Potato and B'Onions.
10	1976/ 4 - 18.07.2016	Maldive Fish, Sprats, Green gram, Black gram, Chillies, Coriander, Turmeric, Black gram flour, Canned Fish and Sugar	Reduce SCL Duty Rs.30/ Kg to Rs. 0.25/ Kg on Sugar was reduce and extended validity period for another 6 months from 19 th July, 2016 of 6 months for the other items effective from 02 April 2016.
11	1980/37 - 19.08.2016	B'Onions	Increasing SCL Duty Rs. 25/ Kg to 40 /kg effective from 20.08. 2016 to protect the local farmers for the period for 6 months
12	1981/46 - 24.08.2016	Potatoes	Increasing SCL Duty Rs. 35/ Kg to 40 /kg effective from 25.08. 2016 to protect the local farmers for the period for 6 months
13	1983/13 – 07.09.2016	Mackerel fish, Peas, Chickpeas, Cowpeas, Kurakkan,	Extended validity period for 6 months with effect from 08.09.2016.
14	1984/26 – 15.09. 2016	Sugar	Increasing SCL Duty on Raw/ Brown Sugar cents 25/ Kg to Rs. 15 /kg and White Sugar cents 25/ Kg to Rs. 2 /kg effective from 16.09. 2016 to protect the local Sugar industry for the period for 6 months
15	1986/55 – 29.09. 2016	Lentils	Increasing SCL Duty on Whole lentils cents 25/ Kg to Rs. 5 /kg and Split lentils cents 25/ Kg to Rs. 10 /kg effective from 30.09. 2016 for the period for 6 months
16	1986/66 – 30.09.2016	Dried fish, Yogurt, Butter, Garlic, Oranges, Grapes, Apples, , Mathe seed, Kurakkan, Ground nut, Mustard seeds, Salt (12 items)	Extended validity period for 6 months with effect from 02 October, 2016.
17	1992/9 – 07.11.2016	Fish, Green gram, Magoesteen, dried Oranges, Pears, Cherries, Plums , Kiwifruit and Pomegranate	Increased fish SCL duty10% or Rs.50 per Kg to 10% or Rs.75 per Kg and Green gram duty Rs.10 per Kg to Rs. 40 per Kg. Also, Introduce SCL Duty for 6 fruit items with effect from 08 November, 2016.

18	1992/27 – 10.11.2016	Sugar	Increased duty on White Sugar Rs. 2 per Kg to Rs.7 per Kg with effect from 11 November, 2016 (Budget Proposals 2017)
19	1994/20 – 21.11.2016	Red onions, Dates, Cumin, Fennel	Extended validity period for 6 months with effect from 21 November, 2016.
20	1996/50 – 09.12.2016	Vegetable oil Margarine	Increased refine palm oil duty Rs.170 per Kg to Rs.175 per Kg and extended validity period for 6 months of other vegetable oils with effect from 10 December, 2016.
21	1998/5 – 20.12.2016	Maize Sugar	Re impose SCL on import maize Rs.10 per Kg and increased duty on White Sugar Rs. 7 per Kg to Rs.13 per Kg with effect from 20 December, 2016.

Source: Department of Trade & Investment Policy, 2016