



# **ANNUAL PERFORMANCE REPORT**

## **2022**

**MINISTRY OF TRADE, COMMERCE AND FOOD SECURITY**

**DEPARTMENT OF COMMERCE**

**HEAD 295**

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# Chapter 01 – Institutional Profile

## 1.1 Introduction

The Department of Commerce (DOC), the international trade policy arm of the Ministry of Trade, plays a pivotal role in the overall conduct of Sri Lanka's foreign trade relations at bilateral, regional and multilateral levels. Functions carried out in this context by the DOC include activities relating to both trade policy and trade promotion overseas.

## 1.2 Vision and Mission

### Vision of the Department

*“Raising living standards of the people through International Trade Relations”*

### Mission of the Department

*“To develop and promote Sri Lanka's foreign trade relations at bilateral, regional and multilateral levels by effective implementation of government trade policy, with a view to raising the standards of living and realizing a higher quality of life through the increase of total production, income and employment levels, thereby actively contributing to the overall economic growth of Sri Lanka.”*

## 1.3 Main Functions

1. Safeguarding and promoting Sri Lanka's economic, trade & commercial interests at multilateral fora through effective representation and participation at discussions and negotiations at all levels (i.e. decision making and technical) at the World Trade Organization (WTO) and liaising & cooperating with likeminded WTO member countries to form common positions on issues of significant interest to Sri Lanka.
2. Conducting negotiations to secure market access by gaining tariff concessions under non-reciprocal preferential trade agreements i.e. Generalized Systems of Preferences (GSPs) for Sri Lanka's exports.
3. Conducting negotiations to secure preferential market access for Sri Lanka's exports under reciprocal trade agreements, such as, Free Trade Agreements (FTAs) and Regional Trading Arrangements (RTAs).

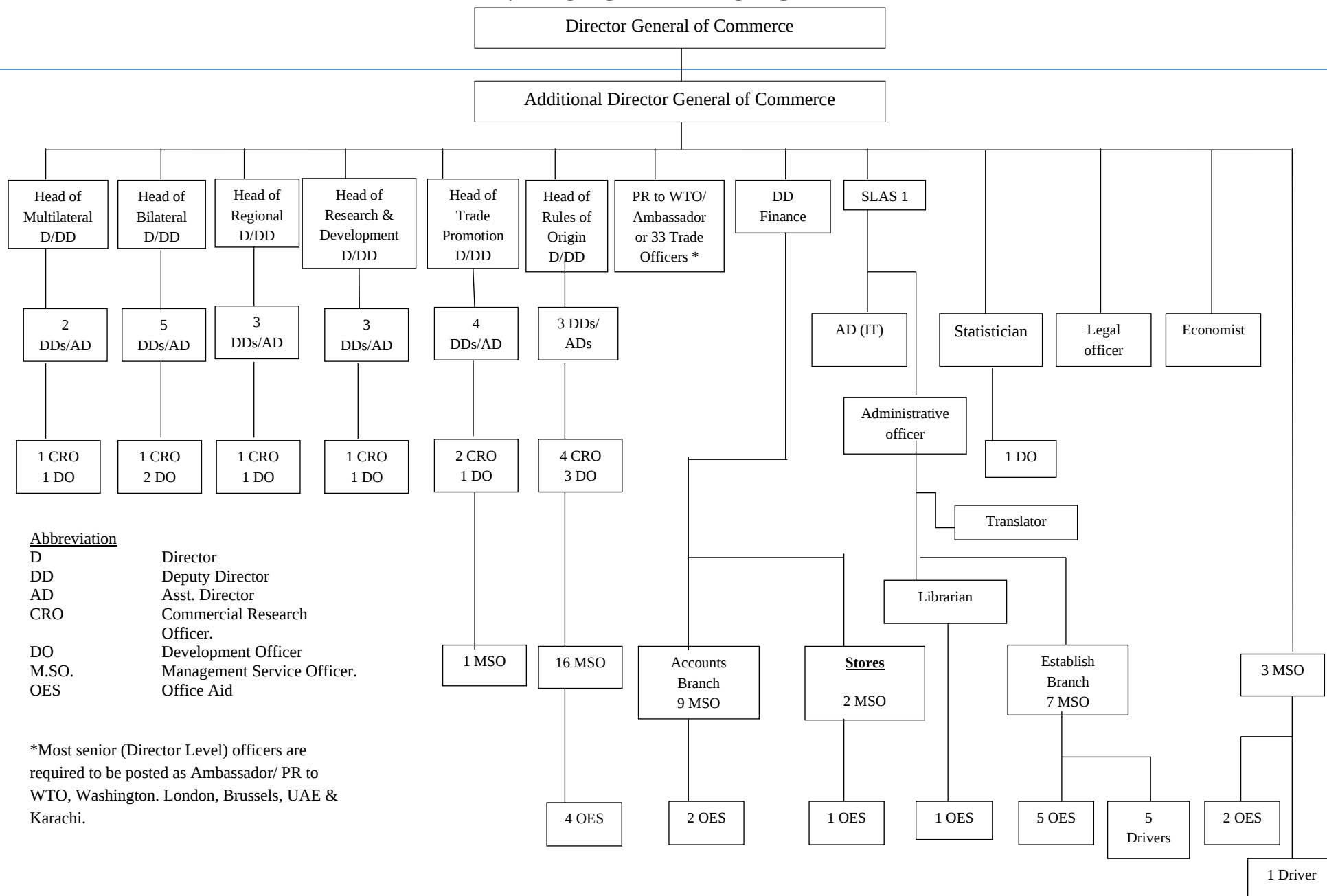
Agreements under negotiation are as follows;

- i. Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). Countries involved: Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, Thailand
  - ii. China Sri Lanka Free Trade Agreement (CSFTA)
  - iii. Economic and Technology Cooperation Agreement with India (ETCA)
  - iv. Sri Lanka Thailand Free Trade Agreement (SLTFTA)
4. Monitor market access related developments, both tariff and non-tariff measures in main foreign export markets and take coordinated actions by making effective & adequate

- representations at bilateral & multilateral levels for mitigating or eliminating the negative impact of such measures on Sri Lanka's exports.
5. Initiate coordinated actions to address specific market entry barriers in the import markets by formulating requisite standards/procedures at national level and obtaining approval/endorsement from the Regional /International Standard setting bodies.
  6. Conducting awareness seminars/workshops on market access opportunities available under FTAs, RTAs and GSPs, in Colombo and regional cities.
  7. Dissemination of information on market access related developments, both tariff and non-tariff measures in nature in the overseas markets and analyzing the impact of such measures on Sri Lanka's exports, including advocacy for addressing supply side constraints.
  8. Advising and guiding exporters on becoming eligible for COOs under FTA, including consultations on rules of origin, production, procedural requirements, etc.
  9. Expeditious issuance of Certificates of Origin to facilitate exports under the following preferential schemes and regional, bilateral and free trade agreements;
    - i. Generalized System of Preference (GSP)
    - ii. Global system of Trade Preference (GSTP)
    - iii. SAARC Preferential Trading Agreement (SAPTA)
    - iv. South-Asian Free Trade Area (SAFTA)
    - v. Indo-Sri Lanka Free Trade Agreement (ISFTA)
    - vi. Pakistan-Sri Lanka Free Trade Agreement (PSFTA)
    - vii. Asia-Pacific Trade Agreement (APTA)
    - viii. Singapore-Sri Lanka Free Trade Agreement (SSLFTA)
  10. Organizing training programs/ workshops with foreign resource personnel in Colombo and in regional cities on the topics related to new developments in international trade and WTO agreements.
  11. Hosting of "Sri Lanka Trade Information Portal" with up to date information related to export and import procedures of 41 organizations, which disseminates all the requirements they need to comply with to import or export a specific good from and into Sri Lanka, in response to a single query.
  12. Assistance to resolve trade disputes between a foreign party and a Sri Lankan party through amicable means.
  13. Guiding and assisting the exporters to compile their responses of defense when their products are subject to anti-dumping investigations initiated by the importing countries.
  14. Analyzing & compiling responses of defense when Sri Lanka's exports are subject to countervailing duty & safeguard investigations initiated by the importing countries.
  15. Overseas Commercial Representation: The Commercial Representation comprises of 33 DoC officers serving in 31 Sri Lanka Missions abroad in 28 countries, who are engaged in promoting and safeguarding Sri Lanka's commercial and economic interests in the host countries.
  16. Conducting research on market access for existing and potential Sri Lankan products
  17. Recommendation for Residence Visas
  18. Approval of Credit Agencies:

19. Organizing/coordinating Joint Commissions/Committees and Trade & Investment Framework Agreements (TIFAs).

## 1.4 ORGANIZATION CHART



## 1.5 Main Divisions of the Department and their Performance

### 1.5.1 Multilateral Affairs Division

The Multilateral Affairs are primarily focused on safeguarding and promoting Sri Lanka's economic, trade and commercial interests at multilateral fora through effective representation and participation at discussions and negotiations at both decision making and technical levels at the World Trade Organization (WTO). It also involves liaising and cooperating with like-minded WTO member countries to form common positions on issues of significant interest to Sri Lanka. Further it maintains a closer interaction with several other multilateral bodies including, the United Nations Conference on Trade and Development (UNCTAD), the World Intellectual Property Organization (WIPO), the International Trade Center (ITC) and the Advisory Center on WTO Law (ACWL).

#### I. 12<sup>th</sup> Ministerial Conference of the WTO (MC12)

The 12<sup>th</sup> Ministerial Conference of the WTO (MC12) was held with physical participation in Geneva from 12<sup>th</sup> to 17<sup>th</sup> June 2022. Ten Ministerial documents were issued securing multilaterally negotiated conclusions, *inter alia*;

- **Emergency response to food insecurity** – WTO members agreed not to impose export prohibitions or restrictions on food purchases made by the World Food Programme (WFP) aiming to support food insecure countries such as Sri Lanka;
- **A waiver of intellectual property rights for manufacturing COVID-19 vaccines** – Due to this Ministerial Decision, countries with less production capacity of pharmaceuticals such as Sri Lanka, will be able to import covid-related pharmaceutical products at low cost from foreign generic manufacturers, subject to those countries develop the capacity to manufacture Covid-19 vaccines disregarding the patent holders' rights and without a payment for the patent rights for a period of 5 years. Moreover, the manufacturing countries will have the flexibility to export excess production under government-to-government arrangement.
- **WTO Response to the COVID-19 Pandemic and Preparedness for Future Pandemics** – According to this decision, countries could come up with effective solutions in case of future pandemics to address a number of challenges, including on balance of payment crisis and food security issues, beyond the existing WTO flexibilities.
- **Agreement on Fisheries Subsidies** was also concluded with a view to eliminate the most harmful subsidies provided to the fisheries sector in order to ensure sustainability of live marine fish stock. A grace period of 2 years is provided for developing countries including Sri Lanka, to withdraw assistance being given to the fishermen engaged in illegal, unreported and unregulated (IUU) fishing activities and fishing in the overfished stocks within their Exclusive Economic Zone (EEZ). Acceptance by two-thirds of the WTO membership is required for this Agreement to come into force.

Hon. Minister and other Colombo-based members of the Sri Lanka delegation to MC12 could not attend the deliberations in person due to the prevailing condition in the country. On his behalf, Sri Lanka's Permanent Representative to the WTO based in Geneva, led Sri Lanka delegation to the MC12. DoC coordinated with Sri Lanka Mission in Geneva to reflect country's interests in the Ministerial Declarations adopted during MC12, with required inputs

received from line Ministries. The Mission in Geneva also participated in all preparatory negotiations lead up to MC12 and DoC coordinated with relevant line Ministries on required inputs to safeguard country's interests.

## **II. Fulfilling the requirements of WTO Trade Facilitation Agreement (WTO-TFA)**

Implementation of the WTO-TFA in Sri Lanka is ongoing while number of initiatives assisted by multilateral and bilateral donors are underway. DoC shared certain functions of the (National Trade Facilitation Committee) NTFC Secretariat since the beginning of the year, for effective functioning of the Secretariat and to expedite the implementation of TFA in Sri Lanka in line with the commitments undertaken at the multilateral level. With DoC's involvement in the functioning of the NTFC Secretariat, in particular, the initiatives introduced for measuring the level of implementation of TFA, the overall level of implementation was identified as 73% by end of December 2022.

A software solution to facilitate monitoring the implementation progress of the TFA in the future is being developed with the technical and financial assistance of the International Trade Center (ITC), Geneva and Federal Ministry for Economic Cooperation and Development (BMZ), Germany.

Quarterly meetings of the NTFC were held under the Co-Chairmanship of Director General of Commerce and discussed the most pertinent issues in a focused manner. Regular public sector focus was shifted to private sector focus and implementation of a number of measures were expedited during these meetings. A Notification requesting an extension for implementation of Articles 6.1 and 6.2 of the TFA was made to the WTO Committee on Trade Facilitation on 31<sup>st</sup> August 2022 at the request of the Border Agencies.

## **III. Implementation of the Anti- Dumping and Countervailing Duties Act No. 2 of 2018 and the Safeguard Measures Act No. 03 of 2018**

According to section 14 and 64 of the Anti-Dumping and Countervailing Duties Act No. 2 of 2018 which came into force from 19.10.2020, the Minister in-charge of the subject of Trade is required to publish the applications that need to be submitted by the domestic industry requesting initiation of investigations on imposition of Anti-dumping measures or Countervailing Measures. According to section 45 of the above Act, the procedure for Price Undertaking also needs to be published in Gazette Notification. These regulations which were prepared with the approval of the Attorney General's Department, were revised by the Department of Legal Draftsman.

The Gazette, bearing no 2311/42 which was published on 22.12.2022, listed the two above Acts on Antidumping and Countervailing Duties and the Safeguard Measure, under the Ministry of Trade, Commerce and Food Security for implementation. Accordingly, the final drafts for the said regulations were sent to the Ministry of Trade, Commerce and Food Security, in all three languages, to be published under the laws and ordinance of the Ministry.

Further, the review of the Operating Manual for Trade Remedy Investigations to be included in the operating practices of the above regulations, was completed and awaiting for publication.

#### **IV. Responding to the trade remedy investigations initiated against Sri Lanka**

Investigation on imposition of Antidumping and Countervailing measures on imports of certain steel nails from India, Oman, Sri Lanka, Thailand and Turkey was initiated by the Department of Commerce-USA on 19<sup>th</sup> January 2022. DoC provided the necessary guidance to the domestic Industry and the company which produces and exports the alleged product – The Trinity Steel Private Limited– in participating the investigation process.

DoC had several meetings with government institutions such as Sri Lanka Customs, Department of Inland Revenue, Board of Investment, Ministry of Finance, Attorney General's Department, Sri Lanka Export Credit Insurance Corporation and congregated data and information related to the Investigation. With the approval of the Ministry of Trade, a US based Legal firm (GDLSK legal firm) was appointed to appear and make submissions on behalf of the GoSL in the investigation of imposition of countervailing measures (CVD).

On May 31, 2022, the US-DoC made the preliminary determination and estimated that a 4.12% countervailable subsidy rate exists for Sri Lanka. However on 16 September 2022, ITC has decided that imports of subject products from Sri Lanka to the USA were not sufficient to cause injury to the US Industry, meaning that there will be no CVD order and no additional duty imposed on exports of Sri Lanka.

At the preliminary level investigation of the Antidumping investigation, the US authorities found that the imports of Steel nails to USA from Sri Lanka does not go beyond the *De-minimis* level and consequently terminated the investigation.

#### **V. Participation in deliberations under the regular WTO Councils and Committees**

The Permanent Mission of Sri Lanka to the WTO in Geneva, represented by the officers of DoC, continue to participate in and follow up deliberations under the regular WTO Committees and Councils on daily basis. During the year, the Mission in Geneva has attended approximately 350 multilateral meetings, 100 bilateral/group meetings, and 25 interactions with Geneva-based think tanks on issues pertaining to Sri Lanka. In safeguarding the country's interests, the Mission has made approximately 45 substantive interventions on fisheries subsidies, agriculture, TRIPs waiver, E-commerce, trade facilitation, among others, at Ministerial level, Ambassadorial level and Technical level meetings.

Following are few instances where Sri Lanka's interests were flagged at regular WTO Committees and Councils.

- Registered Sri Lanka's interests on key agriculture related issues, especially in Permanent solution to Public Stock Holding, Special Safeguard Mechanism and Food Security concerns at the Committee on Agriculture.
- Defended Sri Lanka's import policy measures introduced to curb the impact of Covid Pandemic, namely import restrictions, bans and import licenses on selected products imported into the country.
- Participated in negotiations of new WTO Agreement on disciplining fisheries subsidies and has been able to defend country's interest substantially at negotiations through special and differential treatment for developing countries.

- At TBT committee meetings, the USA has been raising its concerns on Sri Lanka's National Environmental Regulations No. 01 of 2021 (Plastic Material Identification Standards). DoC arranged necessary clarifications to the USA in consultation with the Ministry of Environment.
- At the Committee on Customs Valuation, the United States has been raising its concerns over Sri Lanka's determination of customs value on used motor vehicles. Necessary explanations were provided to the USA in coordination with Sri Lanka Customs.
- Attended to bilateral negotiations with Azerbaijan on its Accession to the WTO in order to secure market access for Ceylon Tea.
- Submitted Sri Lanka's Import tariff data and import statistics to the WTO integrated database through the Committee on Market Access.
- With the concurrence of Sri Lanka Customs, clearance was provided for Sri Lanka's HS Transposition File in HS2017 through the Committee on Market Access.

## VI. Aid for Trade Global Review 2022 of the WTO

DoC arranged to provide responses to the WTO's 2022 Global Review of Aid for Trade questionnaire highlighting the trade and development priorities of the country and on the role that the WTO-led Aid for Trade initiative can play in supporting environmental sustainability and women's economic empowerment. This self-assessment questionnaire was responded in consultation with State Ministry of Women and Child Development and the Sustainable Development Council of Sri Lanka.

## VII. Technical Assistance:

- **Virtual National Workshop for Sri Lanka Officials on HS Transposition** – An exclusive virtual briefing for Sri Lanka authorities was organized in coordination with the Permanent Mission in Geneva and the WTO Secretariat on the HS transposition of Sri Lanka's bound tariff schedule, on 23<sup>rd</sup> August 2022. Twenty-two (22) participants from the Department of Trade and Investment Policy of the Ministry of Finance, Sri Lanka Customs and the Department of Commerce were benefitted from this workshop.
- **National Workshop on Trade in Services Liberalization and Options for Developing Countries** – An exclusive virtual workshop was organized for Sri Lankan stakeholders with the participation of experts from the WTO Secretariat, secured through WTO Technical Assistance for developing countries. Three sessions, followed by Q&A, were held on 12, 20 & 21 December 2022. Over 80 participants from the public and private sector were registered for the workshop.
- Following the intervention of DoC, financial assistance was secured for an Official of the Ministry of Agriculture to participate as a Panelist at the **Multi-year Expert Meeting on Commodities and Development** to be held in October 2022.
- DOC coordinated Sri Lanka's participation at two workshops organized by the WTO Secretariat. A total of ten (11) participants from the Department of Commerce, Ministry

of Finance, Department of Import and Export Control and the Attorney General's Department had the opportunity to attend those knowledge sharing programs.

### **VIII. United Nations Conference on Trade and Development (UNCTAD)**

Follow up actions arising from the 15th UNCTAD quadrennial Conference were taken up at UNCTAD regular bodies. Accordingly, DoC and Sri Lanka Mission in Geneva arranged experts from relevant line agencies in Sri Lanka to attend the following events:

- Intergovernmental Group of Experts on E-commerce and the Digital Economy (experts from EDB and ICTA attended)
- 6<sup>th</sup> session of the Intergovernmental Group of Experts on Consumer Protection Law and Policy (experts from Consumer Affairs Authority attended)
- Multi-year Expert Meeting on Commodities and Development (experts from Ministry of Agriculture and Ministry of Industries attended. The expert participated from the Ministry of Agriculture served as a Panelist and her participation was fully-funded by the UNCTAD Secretariat)
- Project on South-South Integration and the SDGs: Enhancing Structural Transformation in Key partner Countries of the Belt and Road Initiative (experts from ICTA attended)
- Building port resilience against pandemics (experts from Sri Lanka Customs attended)
- 13<sup>th</sup> Session of the Trade and Development Commission of UNCTAD (experts from Ministry of Ports, Shipping and Aviation of Sri Lanka attended)
- 13<sup>th</sup> session of Investment, Enterprise and Development Commission (experts from Board of Investment of Sri Lanka attended)
- 6<sup>th</sup> Session of Intergovernmental Group of Experts on Financing for Development (experts from Ministry of Finance attended)

Further, the Sri Lanka Mission in Geneva attended various UNCTAD Forums and Bodies on regular basis including the UNCTAD Trade and Development Board, Working Party on the Programme Plan and Programme Performance and the Trade and Development Commission.

### **IX. Common Fund for Commodities (CFC)**

34<sup>th</sup> Annual Meeting of the Governing Council of the CFC was held on 13-14 December 2022 and was represented by Sri Lanka Embassy in the Hague, the Netherlands since the Governor of Sri Lanka could not attend the meeting in person. DoC provided a draft statement reflecting the current priorities of the country, to be delivered at the plenary session.

Publicity was provided among trade chambers, product associations and line Ministries on the 21<sup>st</sup> call of the CFC for project proposals. Further, DoC coordinated and submitted nominations from the Ministry of Agriculture and the Federation of Chambers of Commerce and Industry of Sri Lanka to serve as members of the Consultative Committee of the CFC for the term 2023/24.

## **1.5.2 Bilateral Affairs Division**

### **I. India-Sri Lanka Free Trade Agreement**

The India- Sri Lanka Free Trade Agreement (ISFTA), which came to force on 01<sup>st</sup> March 2000, continued to make a significant contribution in enhancing Sri Lanka's exports into the vast Indian market. Total value of Sri Lanka's exports to India from Jan-Nov 2022 has recorded at US\$ 789.92 which was at US\$ 724.89 in 2021. Sri Lanka has exported US\$ 518.71Mn worth of goods to India under ISFTA from Jan- Nov 2022 as against US\$ 471.61 Mn in 2021, with an increase of 10%, showing a strong signal of recovery from the impact of Covid-19 pandemic. It is pertinent to mention that a 66% of Sri Lanka's exports to India from Jan-Nov 2022 have been made under the ISFTA duty concessions.

In terms of Sri Lanka's imports from India, from Jan-Nov 2022 total value stood at US\$ 4,306.61 Mn, as against US\$ 3,874.84 Mn in 2021. Sri Lanka's imports from India under the ISFTA in 2022, was at US\$ 108.85 Mn while the ISFTA import value for the year 2021 reported at US\$ 189.85 Mn. Accordingly, only nearly a 3% of Sri Lanka's imports from India from Jan- Nov 2022 have been under ISFTA duty concessions.

Animal feed, pepper, areca nuts, waste oil, scrap paper and paperboard, insulated copper wires & cables, mineral water and aerated water, cotton dyed knitted or crocheted fabrics, poonac, animal or vegetable fats and oils and their fractions, bicycles, essential oils, and furniture, etc. feature among the main export items from Sri Lanka to India under ISFTA.

Further, Sri Lankan Apparel products receive the duty-free benefit under ISFTA for 8 million pieces per year through tariff rate quota (TRQ). During the period under review, utilization ratio stood at 99.97% of 8 million pieces with a value of US \$ 42.69 Mn.

### **II. Pakistan- Sri Lanka Free Trade Agreement**

The Pakistan- Sri Lanka Free Trade Agreement (PSFTA), which entered into force in 2005, has also contributed to the enhancement of bilateral trade between the two countries. Total value of Sri Lanka's exports to Pakistan from Jan-Nov 2022 has been recorded as US\$ 72.78 million, while it was US\$ 82.86 million in 2021. Sri Lanka's exports to Pakistan under the PSFTA from Jan-Nov 2022 was recorded at US\$ 52.02 million while it was recorded the value at USD\$ 57.25 million in 2021. Accordingly, Sri Lanka's exports under PSFTA has accounted for a 71% from Jan-Nov 2022 of total exports to Pakistan. Total value of Sri Lanka's imports from Pakistan has been recorded as 340.08 US\$ million from Jan-Nov 2022 against US\$ 347.71 million in 2021. Sri Lanka's imports from Pakistan under the PSFTA from Jan-Nov 2022 was recorded at US\$ 12.57 million while it was recorded the value at US\$ 11.11 million in 2021. Accordingly, only nearly a 4% of Sri Lanka's imports from Pakistan from Jan- Nov 2022 have been under PSFTA duty concessions.

The major products exported by Sri Lanka under the PSFTA during the period under review include betel leaves, natural rubber in smoked form, electric sound or visual signaling apparatus parts, coconuts, twine, cordage, ropes and cables, asbestos: corrugated sheets, waste oils, copra, surgical gloves, desiccated coconut, etc.

Under PSFTA, Sri Lanka grants duty-free benefit for the 6,000 MT Basmati imports from Pakistan per year. On 4<sup>th</sup> October 2022, the Cabinet of Ministers have approved the importation of annual duty-free quota of 6,000 metric tons of Basmati Rice under PSFTA by the public and private sectors subject to compliance with the minimum standards prescribed by the Bathalagoda Rice Research and Development Institute. The DoC facilitates importation of the said quota by recommending duty waivers to Director General of Customs of Sri Lanka.

The DOC, in consultation with the Sri Lanka Tea Board, is in the process of negotiating with Pakistan for a Product Specific Rule (PSR) on tea to maximize the utilization of 10,000 MT Tariff Rate Quota at zero duty for tea to Pakistan under the FTA. It was suggested to establish a Sub-Committee to address the issue at the 3<sup>rd</sup> Joint Working Group on Trade, Investment & Auto Sector between Pakistan and Sri Lanka held on 15<sup>th</sup> December 2022. The PSR is expected to solve the prevailing issues of the current Rules of Origin (ROOs) for exportation of blended- tea from Sri Lanka to Pakistan and it will be able to increase the utilization of tea quota to Pakistan.

### **Joint Working Group Meeting on Trade, Investment and Auto Sector between Pakistan and Sri Lanka**

The 3<sup>rd</sup> Joint Working Group on Trade Investment & Auto Sector between Pakistan and Sri Lanka (JWG) was held on 15<sup>th</sup> December 2022 in virtual mode. The Sri Lanka delegation was led by the Acting Director General of Commerce, Department of Commerce and the Pakistan delegation was led by Joint Secretary, FT-I Wing, Ministry of Commerce of Pakistan.

The key matters discussed at the above three forums were:

- i. Matters on the unilateral change of the Negative List by the Pakistani side (auto sector and non-auto sector products)
- ii. Imposition of Regulatory Duty on various products exported from Sri Lanka
- iii. PSR on value added Ceylon tea
- iv. Phytosanitary issues
- v. Investments
- vi. Registration of Ceylon tea GI / misuse of name of “Ceylon tea”.
- vii. Import of Basmati rice from Pakistan under the quota of 6,000 MT per year
- viii. Para-tariff/CESS on fruits and vegetables

At the meeting, both sides agreed to establish Sub-committees on Basmati Issue and Sub-committee on Rules of Origin (PSR matter) in order to discuss in depth at technical level.

### **III. Sri Lanka– Singapore Free Trade Agreement (SLSFTA)**

Sri Lanka - Singapore Free Trade Agreement (SLSFTA) was signed on January 23, 2018 and entered into force on 1<sup>st</sup> May 2018. The SLSFTA is a comprehensive agreement in scope that covers Goods,

Services, Investments, SPS/TBT, Rules of Origin, Intellectual Property Rights, Customs Procedure & Trade Facilitation, Government Procurement, Competition, Trade Remedies, Economic & Technical Cooperation, Transparency Provisions, Dispute Settlement, and General & Final Provisions while it includes Chapters on Telecommunications, E-commerce and Financial Services in the annexure.

Subsequent to the signing of the SLSFTA, concerns were expressed by various segments of the civil society on the content of the Agreement, its due process and level of the consultation of the SSLFTA. Furthermore, 09 Fundamental Right applications in the Supreme Court were filed challenging the SLSFTA.

As per the respective 02 Cabinet Decisions made, preparation for the review process of the FTA with 18 proposals for amendments has been conducted. A Technical Supporting Committee (TSC) in the review process also was set up and by the end of September 2022, all the pending response from the respondents for these 18 amendments were received.

Following the instructions given by Hon. President, in November 2022 to operationalize the SLSFTA at the earliest, a Joint Committee (JC) for Sri Lanka side comprising 8 members including an official of the DoC was formed. The DoC coordinated the JC meetings and drafted and submitted a Note to the Cabinet on the Composition of the JC of Sri Lanka side. The Sri Lanka members of JC, Chaired by Secretary/Ministry of Trade Commerce and Food Security (MTC&FS) reviewed the proposals/amendments in consultation with the line agencies and many of the issues have been resolved while few additional proposals/amendments were also raised.

According to the Attorney General's Department, there are no legal impediments to proceed with implementation of the existing SLSFTA and therefore, a Cabinet Memorandum was submitted on 18<sup>th</sup> December 2022 seeking policy guidance on implementation of the SLSFTA through activation of the Joint Committee of the SLSFTA without amendments to the existing text and convening of meeting(s) of the Joint Committee in consultation with the Singapore side.

#### **IV. Status of the other proposed Bilateral FTAs and the PTAs:**

During the period under review, the DoC prepared status reports and Cabinet Memorandums/ Notes, provided draft working text and agreed minutes of previous rounds of negotiations to the Presidential Secretariat, Ministry of Trade, Commerce and Food Security in particular the International Trade Office (ITO), which is mandated for promoting and coordinating international trade including Bilateral Free Trade Agreements and Regional Trade Agreements with all relevant institutions and stakeholders.

Currently, ITO coordinates the negotiations on FTAs with India, China and Thailand and the Department provided all necessary reports and inputs for resumption of the negotiations and represented the respective sub-Committees.

## **i. China-Sri Lanka Free Trade Agreement (CSFTA)**

The negotiations of China- Sri Lanka Free Trade Agreement (CSFTA) have been launched on 16<sup>th</sup> September 2014 at the Heads of States level. The CSFTA negotiations came to a complete standstill in March 2017 after completion of six (6) rounds of negotiations during 2014-2017.

Policy directives were given by the Cabinet of Ministers at the meetings held on 28<sup>th</sup> February 2022 and 25<sup>th</sup> April 2022 to convey the Chinese Government Sri Lanka's readiness to resume CSFTA negotiation with a liberalization commitment of 75% of the Total Tariff Lines over 20 years. Further, it was also directed to appoint the NTNC, approving the Secretary to the Prime Minister as the Chief Negotiator and to get the representatives of the Local Industrialists' Associations.

Preparatory meetings convened by the Secretary to the Prime Minister were held to formulate the TLP for negotiations. Two new Committees: ROOs and Trade Remedies, chaired by the DG/Commerce under different draft Chapters of CSFTA has formulated.

After the meeting of NTNC held on 20<sup>th</sup> June 2022, which chaired by then Secretary to the Prime Minister, the DoC shared the Minutes and the Working Drafts of the 6th round (last) of the CSFTA negotiations together with the Cabinet Decisions and Circulars issued by the Presidential Secretariat on FTAs, among 9 Chairmen of Sub-Committees. In the meantime, Chairmen of Sub-Committees were requested to inform the details of the members of respective committees to the Prime Minister's Office. With regard to Feasibility Study (FS), as findings of new FS is not influencing resuming or otherwise FTA negotiations, it was agreed not updating the existing FS.

In response to the proposal on TLP made by Sri Lanka through its letter dated 5<sup>th</sup> May2022, signed by the Secretary to the Prime Minister to resume negotiation on goods, China side conveyed their position as follows with compare to the Sri Lanka's position;

| <b>Key Considerations</b> |                                                                                              | <b>China</b>                                                                    | <b>Sri Lanka</b>                                       |
|---------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------|
| 1                         | Tariff Liberalization Programme (TLP)- Reduction Commitment of Total Tariffs Lines (TTLs)    | 85% - Elimination<br>5% - Partial Reduction<br>10% - Negative List              | 75%- Elimination<br>25% - Negative List                |
| 2                         | Early Harvest Programme (EHP) ( 0% tariff for certain Tariffs lines at the entry into force) | China responded requesting equal EHP.                                           | Sri Lanka requested Non-reciprocal, only for Sri Lanka |
| 3.                        | Implementation period                                                                        | More flexibility of longer implementation period to certain Sri Lankan products | 20 years                                               |

As the Chinese positions is not in favor of the proposal of the Sri Lanka side, the Chair of the Working Group on Trade in Goods was directed to prepare Analysis Report containing of alternative options on TLPs and TLs that can be considered for CSFTA and liberalized etc. The DG/.DTIP is exploring alternative options for the TLP and Early Harvest programme under the CSFTA in collaborations with the DoC, Industry Ministry, EDB and respective Trade Chambers.

## **ii. Economic and Technology Cooperation Agreement between Sri Lanka and India (ETCA)**

The Economic and Technology Cooperation Agreement between Sri Lanka and India (ETCA) Negotiations were launched in August 2016 and 11 rounds of negotiations conducted. The last round (11<sup>th</sup>) was held from 3<sup>rd</sup> –5<sup>th</sup> October 2018 in Colombo.

At the meeting held on 25<sup>th</sup> August 2022, Secretary to the President directed the MTCFS to be in charge of the pending FTAs (except for the FTA with China), and to take necessary actions on all pending matters, including the ETCA. Accordingly, Secretary/MTCFS communicated to all the Chapter- wise- Chairmen of 08 Working Groups of ETCA, in order to obtain the current status and to resume the negotiations as directed by H.E the President. The responses received were sent to the ITO which is currently mandated to for promoting and coordinating international trade including Bilateral Free Trade Agreements and Regional Trade Agreements with all relevant institutions and stakeholders.

The Chief Negotiator of International Trade Office (ITO) has informed the DOC that the resumption of Economic and Technology Co-operation Agreement (ETCA) between Sri Lanka and India negotiations tentatively proposed for December 2022. Accordingly, DOC requested for updates from the Stakeholders including Trade Chambers, Associations on the Dossier prepared to identify outstanding implementation related issues of ISFTA to be addressed and resolved in parallel to ETCA negotiations

## **iii. Sri Lanka- Thailand Free Trade Agreement (SLTFTA)**

FTA negotiations was launched on 12<sup>th</sup> July 2018 by the Heads of States of the both countries, during the visit of the Hon. Prime Minister of Thailand to Sri Lanka. The First Round of negotiations of the SLTFTA was held in Colombo on 13<sup>th</sup> July 2018, following the launch of the SLTFTA. Second Round of Negotiations of SLTFTA was held on 19-21 September 2018 in Bangkok, Thailand.

Following the directives of the Hon President, the Department of Commerce through the Secretary to the Ministry of Trade, Commerce & Food Security shared the available Draft Working Texts of the Agreement (Second Round) with the Presidential Secretariat to be shared with the respective Chairman of the Sub – Committees.

Respective Chairman of Sub-Committees and members of the Sub-Committees attended in preparation of the Sri Lanka position on respective chapters to negotiate with the Thai Side during the 3<sup>rd</sup> Round of Negotiation, which will be held in early January 2023.

## **iv. PTA with Bangladesh**

During the visit of Hon. Prime Minister of Sri Lanka to Bangladesh on 19 – 20 March 2021, leaders of two countries reiterated their commitment for an early conclusion of a bilateral Free Trade Agreement (FTA), which was on the discussion since 2014. As the first step towards the FTA, the leaders agreed to explore the possibility of signing a bilateral Preferential Trade Agreement (PTA) beginning with a short list of products.

Both sides agreed that the PTA would covers only trade in Goods and eliminates or reduces only basic Customs Duties. Product coverage is 100 tariff lines at 8-digit level. Since Sri Lanka and Bangladesh are parties to five Regional Trade Agreements at present namely SAFTA, SAPTA, APTA, GSTP, and BIMSTEC, the products for exchange of tariff concessions under BSPTA are basically those products which are in the negative list of the above 5 Agreements.

Both countries exchanged Request Lists in December 2021; Sri Lanka - a list of 112 tariff lines and Bangladesh - a list of 131 tariff lines. Sri Lanka is in the process of preparing our Offer List to Bangladesh based on their request list. Based on the responses received from line Ministries upon consultation of their respective stakeholders, Sri Lanka can consider only eight (08) tariff lines out of 131 tariff lines of Bangladesh request list for tariff concessions. Another 06 tariff lines that the line Ministries have agreed to consider for tariff reduction are subject to Special Commodity Levy (SCL) which is not allowed to negotiate tariff reduction for such products under FTAs.

Following a courtesy visit of the H.E. the High Commissioner of Bangladesh to Sri Lanka in October 2022, the Ministry of Foreign Affairs has been asked to take expeditious actions to finalize the arrangements to sign the proposed PTA. It has been further suggested to hold the 4th TNC meeting at the earliest.

However, it is not feasible to convene the 4th TNC meeting given Sri Lanka's current position on tariff reductions for the Bangladesh request list. However, it is possible to convene the meeting to finalize the pending Articles of the framework agreement (Rules of Origin and Balance of Payment Measures) DOC informed the present status to the Presidential Secretariat under which the new NTNC is established.

#### **v. PTA with Indonesia**

A PTA with Indonesia was proposed by Sri Lanka during the Summit Meeting held on 26<sup>th</sup> May 2016. During 2017, preliminary studies by the both parties on the benefits of the proposed PTA were conducted. During 2020, there were exchanges of communications on the PTA.

On 16.11.2021 the DOC informed the Foreign Ministry to ascertain whether the Indonesian side is in agreement with a tariff liberalization programme only on Customs Import Duty (CID) as Sri Lanka undertakes commitments to reduce or eliminate only CID and no other 02 levies namely Ports & Aviation Levy (PAL) and Commodity Exports Subsidy Scheme (CESS) which are considered para-tariffs.

Indonesian side has agreed to the above limitations proposed by Sri Lanka side and both sides have principally agreed on the Terms of Reference (ToR) of the Trade Negotiating Committee (TNC) of the PTA, and the next step is to launch the PTA through a Joint Ministerial Statement by the Ministers of the 02 countries. Further discussions on proposed PTA will be carried by the International Trade Office (ITO) in accordance with the mandate given to ITO.

## **VI. Sri Lanka's Trade Relations with the European Union**

### ***a. Sri Lanka's Bilateral Trade with the EU***

Sri Lanka has been having trade ties with the EU over decades and EU was the largest export destination for Sri Lanka's exports for many years. Due to UK's exit from the EU under BREXIT with effect from 1<sup>st</sup> February 2020, Sri Lanka's total exports to the EU has dropped to US\$ 2.3 billion in 2020 and the EU has become the second biggest export market for Sri Lanka, preceded by the USA. However, in 2021, Sri Lanka's exports to the EU has increased to US\$ 2.95 billion while exports have recorded as US\$ 2.8 billion from January-November 2022.

Apparel has been the dominant export item of Sri Lanka's exports to EU. Other main export products to EU are solid tyres & pneumatic rubber tyres, rubber gloves, tea, tobacco products, coconut products, fish products, machinery parts, precious & semi-precious stones etc. While, pharmaceutical products, machinery, fabric & fibers, paper products are the main imports from the EU. Motor cars were one of the major import items from EU to Sri Lanka before 2020. However, due to the temporary restrictions imposed on imports of vehicle by Sri Lanka, the imports of motor cars from the EU have dropped significantly.

### ***b. EU GSP+ Concessions and its Utilization***

Sri Lanka had been utilizing standard GSP scheme of the EU since 1971 till 2005. In 2005 Sri Lanka became a beneficiary the GSP+ facility of the EU, which is given to support the economically vulnerable developing countries, upon effective implementation of the 27 UN conventions on core human rights, labour rights and other sustainable development and undertaking to extend cooperation for regular monitoring. In August 2010, Sri Lanka lost EU GSP+ and since then, till May 2017 Sri Lankan exports to EU were benefited under Standard GSP scheme. Sri Lanka regained the GSP+ on 19<sup>th</sup> May 2017.

Since its inception, the EU GSP scheme has significantly contributed to enhance Sri Lanka's overall exports to the EU by enhancing the price competitiveness of GSP eligible and utilized products. GSP concessions were instrumental in diversifying the export basket of Sri Lanka over the years.

Sri Lanka's GSP+ utilization rate in 2010 was at 73%, which was the highest percentage recorded in a year. From August 2010 to 2017 Sri Lanka's exports to the EU, which was under the GSP Standard has increased from Euro 2.1 Bn to Euro 2.6 Bn, The GSP utilization rate went down from 66% in 2011 to 55% in 2017, but it was increased from 58% in 2018 to 64% in 2020. The Utilization rate was recorded as 66% during January-October in 2021.

During 2011 to 2017 exports, on average, except in 2013, had been on the increase whereas the utilization rate had been on the decline. However, it has generally been observed that as far as Sri Lanka is concerned, there has been a positive correlation between enhanced GSP concessions and growth of Sri Lanka's exports to EU during 1990s up to 2010. This positive correlation is continuing after the regaining GSP+ in 2017.

In terms of the sector-wise utilization of GSP+, even though over 7,000 product lines have been benefited at zero duty under GSP+, Sri Lanka's exports under GSP+ are concentrated on a few product sectors. For example, the reason for low utilization in the apparel sector is that the cost of

compliance with the stringent Rules of Origin criteria (ROOs) far outweighs the benefit of the tariff concessions.

Purpose of availing of GSP+ concession is to enhance Sri Lanka's overall exports to the member countries of the EU. In a scenario where a country's exports to the EU are growing and at the same time, the utilization of the GSP is declining, it suggests that a country's exports are not heavily dependent upon GSP+ concessions. It is a salutary development where Sri Lanka's exports can compete without tariff concessions of GSP plus.

On 22.09.2021, the European Commission adopted the legislative proposal for the new EU's Generalized Scheme of Preferences (GSP) for the period 2024-2034. This proposal will be discussed / debated in the European Parliament and the Council before adopting by the end of 2023. It has been proposed to retain three GSP schemes namely EBA, Standard GSP and the GSP Plus.

Registered Exporter system (the REX system) is the system of certification of origin of goods that applies in the Generalized System of Preference (GSP) of the European Union since 1<sup>st</sup> January 2017. Sri Lanka implemented the REX system from 1<sup>st</sup> January 2018 and the DoC facilitates the exporters for the online registration for the REX system.

#### ***c. EU's Sanitary and Phytosanitary (SPS) & Technical Barriers to Trade (TBT)***

Non-compliance alerts on food safety (Rapid Alert System for Food and Feed -RASFF) and plant-based consignments (European Phytosanitary Rapid Alert System for Plant Health- EUROPHYT):

The RASFF is a system for reporting food safety issues within the EU. Several government institutions in Sri Lanka were identified as responsible agencies to receive and respond RASFF alerts, received from the EU. In general, non-compliance alerts from the EU were reported on risks identified in food, feed or food contact materials of items such as biscuits, rice, betel leaves, chili, chilled fish, herbs etc. that are placed on the market in the notifying country or detained at an EU point of entry at the border with an EU neighboring country.

The National Plant Quarantine Service of Sri Lanka (NPQS) has been identified as the relevant government authority to receive and respond to EUROPHYT alerts, received from the EU.

#### ***d. The EU's New Regulation on Organic Products***

The EU new Regulation on Organic Products entered into force on 1<sup>st</sup> January 2022. The DOC disseminated the information among the key stakeholder agencies i.e. Department of Agriculture, Sri Lanka Export Development Board, Sri Lanka Tea Board and Control Union – Sri Lanka, to analyze the impact of this new regulation on Sri Lanka. Along with the Sri Lanka Export Development Board and Small Organic Farmers' Association of Sri Lanka, the DOC made a submission to the EU, regarding the impact of the regulation on Sri Lanka exporters.

#### ***f. The EU- Sri Lanka Joint Commission***

Co-operation between the EU and Sri Lanka dates back from 1975 when the European Commission and the Government of Sri Lanka concluded a Commercial Co-operation Agreement. Today

relations are governed by a "third generation" Co-operation and Partnership Agreement which came into force in April 1995. In order to ensure a smooth functioning and implementation of the Agreement the two parties meet regularly in the format of a Joint Commission (JC).

The 24th Session of the EU- Sri Lanka JC was held on 8<sup>th</sup> February 2022 in Brussels. The meeting reviewed bilateral relations and entailed an exchange of views and updates on a wide range of topics including governance, reconciliation and human rights, trade, development cooperation, climate change and environment, sectoral cooperation, security and counter-terrorism, and cooperation in multilateral fora.

The 24<sup>th</sup> JC took stock of the conclusions of the Working Group on Trade and Economic Cooperation held virtually on 26<sup>th</sup> January 2022. The EU strongly urged Sri Lanka to lift import restrictions preventing many European products from entering its market. Sri Lanka clarified that it has imposed temporary import restrictions on non-essential items, strictly as an interim measure, due to a foreign exchange shortfall resulting from the impact of the global pandemic. Sri Lanka also noted that these measures are subject to continuous and progressive review. Sri Lanka appreciated the valued contribution of the GSP+ regime to the country's sustainable development while the EU acknowledged the constructive engagement by Sri Lankan stake-holders during the GSP+ monitoring mission in September 2021. The two sides reviewed Sri Lanka's compliance with 27 International Conventions covered by the GSP+ scheme and the EU invited Sri Lanka to provide further updates on progress.

Both sides agreed on the importance of continued cooperation in deterring and eliminating IUU fishing practices, and honouring commitments of the partnership as well. The EU and Sri Lanka highlighted their commitment to continue joint efforts in the promotion of a rules based international order and effective multilateralism. They also discussed regional developments, and cooperation in the Indian Ocean. The EU presented Global Gateway, the new EU plan for major investments in infrastructure development around the world, which was launched on 01 December 2021. The initiative was welcomed by Sri Lanka. Both sides agreed to convene the next JC meeting in Colombo in 2023.

#### ***g. The EU- Sri Lanka Working Group on Trade and Economic Relations Cooperation (WGTEC)***

As its annual Session, the WGTEC was held on 26<sup>th</sup> January 2022 via virtual mode. The WGTEC was hosted by the Sri Lanka side and it was co-chaired by the Secretary, Ministry of Trade of Sri Lanka and the Head of Unit - South and South East Asia, Australia, New Zealand, DG TRADE, the European Commission. The Sri Lanka's delegation was comprised of the officials from the DoC, Foreign Ministry, Department of Trade and Investment Policy, National Plant Quarantine Services (NPQS), Export Development Board (EDB) and the Board of Investment (BOI).

The two side presented updates and discussed matters in relation to overview of trade policy developments, EU GSP and GSP+ matters, with special attention to briefing by the EU side on GSP+ and the GSP+ Monitoring Mechanism; Follow-up on the October 2021 Monitoring Mission & proposal for the new GSP Regulation by the EU for 10-year cycle of 2024-2033. Concerns presented by Sri Lanka on using only GNI criteria by the EU when graduating countries from GSP+ with special attention to the apparel trade, despite there are other 2 vulnerability criteria i.e export diversification and the market share of the GSP exports to the EU. A brief discussion on investment

environment in Sri Lanka, matters under WTO and the Multilateral/ Plurilateral Agenda with an update from the EU side on WTO developments; preparations for MC12 and Sri Lanka presenting its position on E-commerce, Services Domestic Regulations, Information Technology Agreement (ITA) and the Government Procurement Agreement (GPA), were also discussed.

The discussion was further focused on bilateral market access issues where Sri Lanka presented its concerns and proposals to the EU side on Sanitary and Phytosanitary Measures and the Standards. The EU side was mainly focused on the decision by the Government of Sri Lanka on restricting imports. Further, Sri Lanka side, while thanking the EU side for the assistance extended under the Trade Related Assistance programme completed in February 2021, presented a number of new proposals to the EU side expecting technical and financial assistance. The EU side positively noted Sri Lanka's requests on trade related assistance.

Furthermore, Sri Lanka side followed- up with the EU side on Sri Lanka's proposal for the cross regional cumulation of rules of origin for certain textile products with Indonesia and updated the EU side on the Sri Lanka's request on seeking the extended duty concessions from the EU for the apparel made from the fabrics originated in UK, based on the EU- UK FTA.

Both sides expressed their commitments to continue the trade and economic dialogue between the two countries.

## **VII. Trade with the United Kingdom**

### ***a. Sri Lanka's Bilateral Trade with UK***

Sri Lanka's export to the UK has increased to US\$ 934 million in 2021 recording around 3% growth compared to 2020. The UK was the 2nd export destination of Sri Lanka in 2021 with a share of 7.63% of Sri Lanka's total exports. Sri Lanka's exports to UK were recorded at US\$ 887 million from January-November 2022. Apparel has been the main export item from Sri Lanka to UK over the years while rubber products, fish, coir fibre, textile articles, foot ware, machinery parts etc. have been other main exports from Sri Lanka to UK. Sri Lanka's exports to the UK under GSP+ scheme was US\$ 681 million in 2021 which was a slight decline of 1.5% compared to 2020. On the import front, Sri Lanka's imports from the UK was US\$ 237 million in 2021, which was around 13% increase compared to 2020. Sri Lanka's imports from UK were recorded at US\$ 189 million from January-November 2022.

### ***b. The BREXIT, UK GSP Scheme and Public Consultations***

The UK officially left from the European Union (EU) with effect from 1<sup>st</sup> January 2020, the process called BREXIT, and since then until 31<sup>st</sup> December 2020 the GSP beneficiaries' countries of the EU, including Sri Lanka, were entitled to claim the same benefits of the EU GSP+ from the UK. Meantime, the Department for International Trade of the UK (DIT) opened an online public consultation during the period of 06.02.2020 to 05.03.2020 for stake holders and general public to submit their views on their proposed new tariff regime called UK Global Tariff (UKGT).

While implementing UKGT, its interim GSP Scheme and the EF, the UK Government has decided to implement its new GSP scheme from year 2022. To introduce such a new GSP Scheme, the UK launched another 8-week online stakeholder consultation in August/ September 2021. The DoC led

the local consultation process and facilitated to complete 14 sector online submissions represented apparel, rubber, tea, coconut, fisheries, spices, ceramic & glass, light engineering, bicycles, footwear, gem & jewellery, plastics, electrical, products and processed food by the deadline of 12<sup>th</sup> September 2021. Further, a separate submission by the DoC was made looking at the overall outcome of the individual consultations. On two occasions, Sri Lanka took part in the UK's Public Consultations held with a view to getting inputs from beneficiaries to determine form and the contents of their new GSP Scheme. These consultations are not to be considered as Sri Lanka's applications for the UK's GSP Scheme.

### ***c. New UK GSP Scheme – Developing Country Trading Scheme (DCTS)***

The UK Government introduced its new UK GSP Scheme “Developing Countries Trading Scheme (DCTS)” on 16 August 2022 with the objective of improving access to the UK market for developing countries. Under the DCTS, 65 countries will benefit by obtaining lower tariffs and simpler rules of origin requirements for exporting to the UK. Sri Lanka is a beneficiary country under the DCTS Enhanced Preferences Scheme. The UK government is allowing all economically vulnerable low-income countries (LICs) and lower-middle income countries (LMICs) to access DCTS Enhanced Preferences, by removing the requirement for countries to ratify and effectively implement certain international conventions. The economic vulnerability assessment is revised in the DCTS, by suspending the criteria on export competitiveness and only applying the existing criteria on export diversification. The UK government intends to complete a review of alternative options for assessing economic vulnerability within one year of the DCTS launch with a view to refining the basis for this assessment. The government grants DCTS Enhanced Preferences to existing GSP Enhanced Framework countries (without another preferential trading arrangement with the UK) for 3 years from the launch of the DCTS to ensure continuity for businesses.

The DCTS will replace the UK's current Generalized Scheme of Preferences (GSP) in early 2023. The scheme will apply to countries currently benefiting under the UK's GSP. The DCTS will provide duty-free, quota-free trade to LDCs on everything but arms and duty-free, quota-free trade on 85% of eligible goods to most LIC and LMIC countries.

## **IX. Sri Lanka-Australia Trade and Investment Framework Arrangement (TIFA)**

Sri Lanka and Australia signed the Trade and Investment Framework Arrangement (TIFA) in November 2017 with the perspective of enhancing and facilitating bilateral trade and investment relations between the two countries. The Sri Lanka-Australia Joint Commission (JC) on Trade and Investment was established under the arrangement and the 1<sup>st</sup> Session of the JC was held in Australia in April 2018 and the 2<sup>nd</sup> Session of the JC was held in September 2019 in Sri Lanka.

Prior to the 3<sup>rd</sup> Session of the JC, an Interim Meeting of the TIFA was held on 17<sup>th</sup> November 2021 virtually, to review and endorse its Action Plan for the period of 2020-2021. Action Plan comprises main four categories of activities relevant to the government-to-government engagements, development partnerships, market access and commercial interests.

Several new proposals were also included in the action plan. The Australian side elaborated potential for Sri Lanka to set up an education hub and potential for investment in Sri Lanka by Australian education institutions, commodity hub, National Single Window for trade supported by World Bank, progress of investor applications, shipping connectivity etc, The Sri Lankan side

highlighted four priority areas such as Mutual Recognition Agreement (MRA) on conformity assessment, faster processing of quarantine clearance for the identified products, technical assistance for the development of field certification system targeting floriculture sector and assistance required by the Kahatagaha graphite mine for an air born survey.

2<sup>nd</sup> Review Meeting and 3<sup>rd</sup> Review meeting of Action Plan with the Australian High Commission in Colombo were held on 15<sup>th</sup> March and 23<sup>rd</sup> November 2022 respectively. At the review meetings, both parties exchanged the progress of the activities of the Action Plan and in particular agreed to re-formulate the action plan format more effective manner removing repetitions.

#### **X. The 7<sup>th</sup> Session of the China- Sri Lanka Joint Committee on Economic and Trade Cooperation (JETC)**

The Sri Lanka-China Joint Committee for Economic and Trade Cooperation (JETC) was formed in 1991 following amalgamation of two agreements namely Trade & Payment Agreement and Agreement on Economic and Technical Cooperation which were signed in 1982 with a view to further strengthening the bilateral trade and economic cooperation between the two countries.

The 7<sup>th</sup> Session of the China Sri Lanka JETC was held virtually on 24<sup>th</sup> September 2021. A follow up meeting was held on 31<sup>st</sup> March 2022 on the matters arising at the 7<sup>th</sup> Session of JETC enabling both parties to expedite the implementation of agreed proposals.

#### **XII. Working Group on Trade and Investment (WGTI) between Sri Lanka and Indonesia**

A MoU on the establishment of a Joint Commission for Bilateral Cooperation (JCBC) between Sri Lanka and Indonesia was signed on 1<sup>st</sup> October 2007 and its 01<sup>st</sup> Meeting was held in Colombo on 26<sup>th</sup> January 2012. At the 02<sup>nd</sup> Meeting of the JCBC held in Jakarta on 13<sup>th</sup> October 2014, it was agreed to establish a Working Group on Trade and Investment (WGTI) between the two countries under the JCBC.

After several rounds of discussions, the proposed Terms of Reference (ToR) of the WGTI was agreed by the both parties at the meeting held on 7<sup>th</sup> October 2022 and further agreed to adopt the ToR of WGTI, during the next round of meeting of the Joint Commission for Bilateral Cooperation (JCBC) scheduled to be held in Sri Lanka.

The Cabinet of Ministers granted the approval for the ToR and proposed to establish the WG in consultation with the newly established International Trade Office (ITO).

#### **XIII. Sri Lanka- Russian Intergovernmental Joint Commission on Trade, Economic, Science and Technical Cooperation (IGC)**

The Agreement on Establishment of IGC was signed by the Russian side on 23<sup>rd</sup> April 2015 and the Sri Lankan side signed the same on 23<sup>rd</sup> June 2015, via diplomatic channels. Accordingly, the agreement came into force with effect from 23<sup>rd</sup> June 2015. The 1st session of the IGC was held from 10<sup>th</sup> to 12<sup>th</sup> February 2016 in Moscow and the 2<sup>nd</sup> Session was held from 24<sup>th</sup> to 26<sup>th</sup> October 2017 in Colombo.

The 3<sup>rd</sup> Session of the IGC was scheduled to be held in February 2022 in person in Colombo, then in April 2022 and in September 2022. However, the session was not held during 2022 due to various reasons.

A preparatory meeting, chaired by the Secretary/MTCFS was held on 23<sup>rd</sup> August 2022 with the participation of Sri Lankan stakeholders to obtain Sri Lanka's views on the Russian proposals from the respective Sri Lankan authorities and reconfirm the proposals tabled by the Sri Lanka side earlier and all preparatory works to hold the 3<sup>rd</sup> session in first quarter in 2023 has already been done.

#### **XIV. Sub-Committee on Trade Related Matters between Sri Lanka and Thailand**

The 4<sup>th</sup> Sub-Committee meeting on trade related matters between Sri Lanka and Thailand held on 6<sup>th</sup> May 2022 hosted by Thailand on virtual mode.

The Meeting was co-chaired by Director-General of Trade Negotiations Department of Thailand and Acting Director General of Commerce of the Department of Commerce. The major item of discussion was the Joint Action Plan (JAP). The JAP on Strategic Economic Partnership was developed by taking into account, evolving business and economic environment and the economic policies and priorities of both countries.

The priority economic cooperation areas of trade and investment included in JAP are investment, infrastructure, development of agro industry, fisheries, gems and jewellery, tourism, SMEs, financial cooperation, packaging industries, IT sector development, and other sectors of mutual economic interest.

#### **XV. Establishment of the National Trade Negotiation Committee (NTNC):**

The Cabinet of Ministers at the Cabinet meeting held on 17<sup>th</sup> October 2022 approved the decision to appoint the National Trade Negotiation Committee (NTNC) comprising eight (8) members, including an official of the DoC and to appoint Mr. K.J. Weerasinghe, former Director General of Commerce as the Chief Negotiator.

Under the purview of NTNC, there are 10 Sub- Committees and following sub-committees are chaired by the officials of the DoC:

- i. Sub-Committee on Trade in Services
- ii. Sub-Committee on Trade Remedies
- iii. Sub-Committee on Rules of Origin

Further, DoC officials are served as members of Sub-Committee on; Trade in Goods, Investment, Customs Cooperation & Trade Facilitation and SPS/TBT. During the period under review, officials of the DoC attended the sub-committee meetings and technical discussions.

#### **XVI. Establishment of Office for International Trade (OIT):**

The Cabinet of Ministers has approved decision to establish a separate office, called Office for International Trade (OIT) for promoting and coordinating international trade including Bilateral Free

Trade Agreements and Regional Trade Agreements with all relevant institutions and stakeholders including a Representatives from DoC.

The DoC is being assisting the OIT by providing necessary documents on FTAs and other related information to resume FTA negotiations with priority countries and attended the meetings organized by the OIT on ongoing negotiations on FTAs and PTAs.

### **1.5.3. Regional Affairs Division**

#### **I. SAARC Preferential Trading Arrangement (SAPTA)**

The member states of SAPTA are Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. SAPTA was signed on 11th April 1993 and entered into force on 7th December 1995. SAPTA was superseded with the implementation of the South Asian Free Trade Area (SAFTA). Thus, the usage of tariff preference under the SAPTA is gradually decreasing.

Sri Lanka's exports under SAPTA were recorded at US\$ 1.43 million during 2022 whereas it was stood at US\$ 1.42 million during 2021. The main exports by Sri Lanka under SAPTA are non-cellular rubber sheets, articles of vulcanised rubber and tea. Sri Lanka's imports under SAPTA were recorded at US\$ 0.26 million during 2022 compared to US\$ 0.13 million in 2021.

#### **II. Agreement on South Asian Free Trade Area (SAFTA)**

SAFTA was signed in January 2004 during the 12th SAARC Summit held in Islamabad and it entered in to force on 1st January 2006. SAFTA aims at further enhancing the programme of regional economic integration through promotion of preferential trade, which commenced with the establishment of SAPTA in 1995. SAARC Members intend to deepen economic integration of the region by creating a South Asian Economic Union (SAEU) featuring a Free Trade Area, Custom Union, a Common Market, and a Common Economic and Monetary Union. This commitment was renewed at the 18th SAARC Summit held in 2014.

Sri Lanka completed her tariff liberalization commitment under the Phase I of Trade Liberalization Program (TLP) on 21st Nov 2015. The Phase II of TLP (reduction of sensitive lists) was also successfully negotiated at the 5th SAFTA Committee of Experts meeting held in October 2009 in Nepal and implemented by all Member States. Under the Phase II, the members agreed for a minimum 20% reduction of their initial sensitive lists.

Sri Lanka has already implemented 5 out of 6 instalments by reducing the Customs Import Duty (CID) on the agreed tariff lines in a phased manner under the Phase II with effect from 31.12.2012. Even though, Sri Lanka was supposed to complete it by 31.12.2018, Sri Lanka could not complete the Phase II of the SAFTA TLP due to a government decision to review the same and this matter has been followed up with the Ministry of Finance of Sri Lanka. The process is still ongoing.

All Member States, except Sri Lanka, have agreed to reduce their sensitive lists by 20%, while Sri Lanka has agreed to only a 10% reduction under the Phase III of the SAFTA TLP. Based on consultations had with stakeholders, the Department of Commerce has requested the Ministry of Finance to identify necessary number of tariff lines required for Sri Lanka to meet its 10% reduction commitment and the matter has been followed up with the Ministry of Finance. The process is still ongoing.

The 10th SAFTA Committee of Experts (SCOE) meeting which was scheduled to hold from 28-29 July 2021 was postponed and it was not held even during 2022.

Sri Lanka's trade under SAFTA has been insignificant; given the fact that trade is mostly generated under the two FTAs with the main trading partners in the SAARC region namely, India and Pakistan. Sri Lanka's exports under SAFTA were recorded at US\$ 72.78 million during 2022 recording a 28% decrease compared to US\$ 101.64 million in 2021. The main exports by Sri Lanka which enjoy SAFTA duty benefits include pepper, desiccated coconut, nutmeg, aluminium containers, narrow woven fabric, synthetic monofilaments, glass bottles, wrap knit fabric, industrial fatty acids etc. Sri Lanka's imports under SAFTA were recorded at US\$ 5.04 million during 2022 compared to US\$ 7.65 million in the corresponding period in 2021.

### **III. Asia Pacific Trade Agreement (APTA)**

The Asia-Pacific Trade Agreement (APTA), previously named the Bangkok Agreement, was signed in 1975 as an initiative of UN-ESCAP. This is the oldest preferential trade agreement among developing countries in the Asia-Pacific region. Initially the APTA was launched as a conventional preferential trade agreement focusing on trade in goods among the participation states. With the name change to the APTA in 2005, this Regional Trade Agreement mandated for expansion of coverage to other areas of cooperation.

Under the APTA, 04 rounds of negotiations have been concluded so far and concessions were granted on 10,461 tariff lines by the Participating States. Sri Lanka implemented its tariff concession commitments agreed at the 4th round of APTA negotiations on 16.03. 2018. The Department of Commerce together with other Government entities has engaged in the Standing Committee (SC) Sessions (Including negotiations on Trade in goods) and meetings of Working Groups on Investment, Trade Facilitation, Services and Rules of Origin under the 05th round of APTA negotiation.

The Department of Commerce informed the Ministry of Finance of Sri Lanka on tariff reduction modalities for the 5th round of negotiations on Trade in Goods under APTA, as per decisions made at the 56th Session of the APTA Standing Committee which was held from 28-30, October 2019 in Thailand.

Sri Lanka agreed to offer 15% of its dutiable tariff lines and 25% level of Margin of Preference to consider for the next round. However, as based on the requests made by the APTA member countries, Standing Committee requested all participant states to review and submit their improved offers by 30.11.2019. Therefore, Sri Lanka has to improve its offer at least up to 20% of its dutiable tariff lines. The Department of Commerce has followed up this matter with the Ministry of Finance. The process is still ongoing.

On a proposal received from the APTA Secretariat to hold 57th session of the Standing Committee and 6 meetings of the Working Groups of APTA, Sri Lanka proposed to hold the meetings during the first quarter of 2023.

The APTA Promotion Session was held back-to-back along with the 10th Asia-Pacific Trade Facilitation Forum which was held virtually on 01<sup>st</sup> of September 2022 in Singapore. Sri Lanka Customs participated at the Forum.

Sri Lanka's exports under APTA were recorded at US\$ 225.16 million during 2022 recording a 6% decline compared to US\$ 238.61 million in 2021. The main exports by Sri Lanka under APTA are tea, coir fibre, activated carbon, apparel, fisheries products etc. Sri Lanka's imports under APTA were recorded at US\$ 8.09 million during 2022 recording a 67% decline compared to US\$ 24.22 million in 2021.

#### **IV. The Global System of Trade Preferences (GSTP)**

The GSTP initiated by the UNCTAD to develop trading opportunities among the developing countries, came into force on 19th April 1989. GSTP comprises with 42 member states, including Sri Lanka.

Sri Lanka's exports under GSTP were recorded at US\$ 63.54 million during 2022 recording a 31% decline compared to US\$ 91.82 million in 2021. Cinnamon is the main export item Sri Lanka under GSTP, accounting more than 80% of its total exports to GSTP member states, followed by aluminium cans and coconut-based products. No imports to Sri Lanka under GSTP were recorded during 2022 compared to US\$ 0.01 million in 2021.

#### **V. The Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC)**

The BIMSTEC is a regional organization comprising 07 Member States: from South Asian Region- Bangladesh, Bhutan, India, Nepal and Sri Lanka and from Southeast Asian Region- Myanmar and Thailand. BIMSTEC Free Trade Area (FTA) negotiations have started since the signing of the Framework Agreement on 8th February 2004 in Thailand.

After a lapse of few years, the 21st Trade Negotiating Committee (TNC) under the proposed BIMSTEC FTA was held from 18-19 November 2018 in Dhaka and during the meeting discussed and progressed on Agreement on Trade in Goods, text of Rules of Origin, Trade in Services, Investment, Custom Cooperation, Trade Facilitation and Dispute Settlement.

Sri Lanka's initial goods schedule/Tariff Liberalization Programme (TLP) under BIMSTEC FTA, was sent to the BIMSTEC Secretariat in 2016. As per the decisions taken at the 21st TNC, Ministry of Finance has transposed Sri Lanka's TLP into HS 2017 version. However, as per the Cabinet Decision dated 08.02.2021 for reviewing TLPs under the FTAs/PTAs, rescheduling of Tariff Concessions in HS 2017 version under the proposed BIMSTEC FTA is in progress in consultation with the Ministry of Finance and other relevant stakeholders.

The 20<sup>th</sup> Working Group on Rules of Origin under the proposed BIMSTEC FTA was held virtually from 10-11 January 2022. The 21st meeting of the BIMSTEC Working Group on Rules of Origin was held in hybrid mode from 18-19 October 2022 in Dhaka, Bangladesh. The several outstanding matters of draft texts of the Rules of Origin chapter of the proposed BIMSTEC FTA, Operational Certification Procedure and Product Specific Rules pertaining to the Trade in Goods chapter of the proposed BIMSTEC FTA were finalized at this meeting.

## **VI. Working Group on Trade and Investment (WGTI), the Indian Ocean Rim Association (IORA)**

Sri Lanka participated at the 19<sup>th</sup> and 20<sup>th</sup> meetings of the Working Group on Trade and Investment (WGTI) -IORA which were held virtually on 6<sup>th</sup> April and 07<sup>th</sup> July 2022 respectively.

Under the work plan of the WGTI, Mauritius has proposed and prepared a draft of modalities for an online reporting system on non-tariff barriers of the IORA member states. The Department of Commerce has already forwarded comments and observations received from some local stakeholders on the proposed system.

## **VII. Proposed Preferential Trade Agreement between Sri Lanka and Bangladesh**

Negotiations on a bilateral Preferential Trade Agreement with Bangladesh (BSPTA) was initiated following the negotiating mandate granted by the Cabinet of Ministers in June 2021. Three negotiation rounds held thus far, and finalized the main elements of the Framework Agreement.

The Agreement under negotiation covers only trade in Goods and eliminates or reduces only basic Customs Duties. The political will was to begin the bilateral Agreement with a short list of products, hence at the first phase it covers only 100 tariff lines at the 8 digit level of the Harmonized System classification.

Exchange of request lists was done after stakeholder consultations. Sri Lanka submitted a list of 112 products to Bangladesh side, and Sri Lanka received a list of 131 products from Bangladesh side for due consideration. Both parties are now in the process of evaluating the respective lists and preparing the Offer Lists for tariff concessions to be granted under the BSPTA.

MFA has requested under the instruction of Hon. Minister of Foreign Affairs to take expeditious action to finalize negotiations and sign the proposed PTA between the two countries as early as possible. This request was received subsequent to a courtesy call of H.E. the High Commissioner of Bangladesh to Sri Lanka on the Hon. Minister of Foreign Affairs recently.

During November 2022, the DOC informed the current position of the BSPTA negotiations to the Presidential Secretariat under which the new National Trade Negotiation Committee has been established, seeking their guidance on next steps.

## **VIII. The Step by Step Functionality (SBSF) of Sri Lanka Trade Information Portal (SLTIP)**

### **a. Awareness raising programmes on the services provided by DOC, Sri Lanka Trade Information Portal (SLTIP) and Step- By-Step functionality**

The International Trade Centre (ITC), in collaboration with the Department of Commerce, GIZ and the Regional Chambers of Commerce organized a series of awareness raising workshops on the Step-by-Step Functionality procedure embedded to the Sri Lanka Trade Information Portal (SLTIP) during 2022. First programme of the year was held on 16<sup>th</sup> August 2022 in Galle and the second programme was held on 31<sup>st</sup> August 2022 in Anuradhapura. Third programme was held on 08<sup>th</sup> September 2022 in Gampaha. Fourth programme was held on 13<sup>th</sup> September 2022 in Trincomalee, the fifth programme was held on 11<sup>th</sup> October 2022 in Kandy and sixth programme was held on 10<sup>th</sup> November 2022 in Jaffna. The objectives of these workshops are to showcase the step-by-step guide on trade procedures, how it works and its benefits for trade stakeholders.

### **b. Making regular updates to Sri Lanka Trade Information Portal (SLTIP)**

Sri Lanka Trade Information Portal was kept up to date regularly throughout the year 2022 monthly-wise by obtaining information from 41 government institutions relate to the border trade.

### **c. Migration and transfer of Sri Lanka Trade Information Portal (SLTIP)**

The World Bank agreed to sponsor hosting and maintenance of SLTIP for one year from the launch date and this was subsequently extended till 31<sup>st</sup> December 2021. Cyberia is a Company based in Lao, which has hosted and maintained SLTIP till the end of January 2022.

DOC concluded the Information for Quotation (IFQ) with the assistance of ICTA and called for quotations from 11 companies (which were provided by ICTA) under the shopping method. Three companies submitted bids for the maintenance of SLTIP. The DOC appointed Arimac Lanka Pvt Ltd to maintain SLTIP with effect from 15.11.2021 (a one-year contract) and ICTA is hosting it free of charge in the Lanka Government Cloud (LGC).

Three SLTIP progress reviewing meetings were held with Arimac Lanka PVT. LTD on 08.08.2022, 17.10.2022 and 24.11.2022 in hybrid mode. The objective of these meeting was to expedite the tariff uploading part in parallel to the report on the vulnerability assessment test (on error recovery).

### **d. Step by Step Functionality**

The Step-by-Step functionality (SBSF) is an additional functionality to enhance the user friendliness of the current Sri Lanka Trade Information Portal. Under the SBSF 49 export products and 06 import products have already been mapped providing detailed information to interested traders on export and import procedures.

## IX. Preparation of Trade Briefs

293 trade briefs/reports on by bilateral trade had been prepared in a comprehensive and unified manner during the year 2022 on request of various external parties.

### 1.5.4 Trade Promotion Division

The Department of Commerce (DoC) plays a pivotal role in the overall Sri Lanka's foreign trade relations at bilateral, regional and multilateral levels and carrying out the activities relating to the trade policy and trade promotions in overseas to realize the above.

Since the trade promotion in overseas is a main activity in the Department of Commerce, it was established a trade promotion division to overview the overall function of the export promotion, export development, activities of the commercial officers abroad and other reporting mechanisms of the progress of DoC to the higher authorities.

Under any circumstances, the trade, tourism and investment promotion are a main section of the international/ foreign trade which act as an assistance to the private sector to the enter into the new markets, obtain the knowledge on the market conditions and barriers. The officers of DoC, with their technical knowledge and the institutional experience on the bilateral, regional and multilateral trading arrangements are assisting the exporters locally and as commercial officers abroad to establish the links and find new markets overseas.

Mainly Economic Diplomacy is carried out through the commercial officers attached to Sri Lanka missions abroad. They actively involved in increasing trade, tourism and investment, collaboration on bilateral, regional and multilateral trade agreement, building international coalition to strengthen the Sri Lankan economy,

Following table shows the activities under trade promotion division of the Department.

| S/N | Key Subject Area         | Activity                                                                                                                                       |
|-----|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | <b>Export Promotions</b> | Organize meetings with BSOs (Business Support Organizations) in Sri Lanka with DoC/trade officers overseas.                                    |
|     |                          | Servicing Trade inquiries received from prospective exporters in Sri Lanka and prospective importers in other countries.                       |
|     |                          | Promoting Sri Lankan trade promotional events overseas                                                                                         |
|     |                          | Promoting Sri Lanka's participation at overseas trade exhibitions/ trade fairs among potential exporters/product association/ leading chambers |
|     |                          | Organizing export promotional activities for SMEs                                                                                              |
|     |                          | Recommendation of Resident Visa for the expatriates to the Ministry of Trade, Commerce and Food Security                                       |
|     |                          | Organizing technical exposure programs to the exporters.                                                                                       |

|   |                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                      |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2 | <b>Export Development</b>                                                                                                                             | Organizing awareness session in association with Sri Lanka Missions on SPS & TBT standard requirements and business matchmaking between Sri Lanka exporters and prospective importers in Australia and USA (specially for fish and food products exports)                                                            |
|   |                                                                                                                                                       | Attending to trade complaints received by the Department through the Sri Lanka Mission overseas/ Foreign Embassies in Sri Lanka or direct exporters/importers                                                                                                                                                        |
|   |                                                                                                                                                       | Facilitating line ministries to identify new entrepreneur.                                                                                                                                                                                                                                                           |
| 3 | <b>Organizing overseas market expansion activities/ programs in the areas of trade, investment, tourism along with the Commercial Officers abroad</b> | By interacting with the host country trade promotion agencies and major importers, the trade inquiries received from prospective exporters will be served.                                                                                                                                                           |
|   |                                                                                                                                                       | Identify and recommend the major trade/ tourism/ investment fairs to the trade, tourism and investment promotion agencies in Sri Lanka and assist them to organize the Sri Lanka's participation at those respective fairs through the linkages developed by the commercial officer.                                 |
|   |                                                                                                                                                       | Identification of potential local partners and organize B2B meetings to find new importers/ partners for Sri Lankan exporters.                                                                                                                                                                                       |
|   |                                                                                                                                                       | Organize business-related programmes for government ministers and other VIPs in order to provide a greater exposure, address the trade related issues and obtain the technical assistance and capacity building programs to facilitate the trade.                                                                    |
|   |                                                                                                                                                       | Contribution to overseas major public procurement tenders which have a new avenue especially for the Sri Lankan service sector.                                                                                                                                                                                      |
|   |                                                                                                                                                       | Provide commercial intelligence, trade barriers confronting home country and new opportunities for exporters with the support of technical knowledge and experience received from along with the bilateral, regional and multilateral agreements obtained by commercial officers while working in DoC.               |
|   |                                                                                                                                                       | Identify key influencing factors and implications for Sri Lanka in each mission and analyzing and reporting of economic developments in the countries where the commercial officers served.                                                                                                                          |
|   |                                                                                                                                                       | Recommendation of business visit programmes which support the exporters to have a greater exposure on the international market and find new buyers.                                                                                                                                                                  |
|   |                                                                                                                                                       | Organizing/ facilitating Inward and outward business delegations with the support of the trade/ tourism/ investment promotion agencies in the host country to provide a greater exposure to the international market.                                                                                                |
|   |                                                                                                                                                       | Organizing / facilitating investment promotional programmes                                                                                                                                                                                                                                                          |
|   |                                                                                                                                                       | Advertising and planning promotional campaigns for tourism                                                                                                                                                                                                                                                           |
|   |                                                                                                                                                       | Liaising with trade policy lead at the embassy and engaging with host government on trade policy & implementation issues raised with signed FTA/ PTA/ RTAs, etc. along with the technical knowledge and experience which the commercial officers have obtained from DoC and through the technical training programs. |

|   |                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                                                            | Representation at meetings, speaking assignments, participating in activities of trade representatives of other countries with the technical knowledge and experience of the commercial officer.                                                                                                                                                                                                                                                             |
|   |                                                            | Along with the DoC, the coordinating and follow up the matters related to the Joint Commissions/TIFAs/ Working Groups which will assist the different government agencies to enhance their technical capabilities on facilitating the exports of Sri Lanka as well as in other areas of cooperation as well.<br>Provide policy support to enable programs/ projects /activities to maximize their impact / benefits to Sri Lankan economy.                   |
|   |                                                            | Present Sri Lanka's positions, specific trade or other concerns raised by Sri Lanka against other trading partners on unfair trade or other practices, resolving outstanding issues at the councils/ committees/ panel discussions/ bilateral/ group/ consultations meetings/ events of the multilateral arenas especially in WTO/ EU/ FAO/ IFAD/ WFP. Further it will be informed the regular notifications made commensurate with the existing obligations |
| 4 | <b>Providing inputs to EDB</b>                             | Participating interview panels to select potential exporters in participating Sri Lankan trade fairs in overseas.                                                                                                                                                                                                                                                                                                                                            |
|   |                                                            | Participating of Advisory Committee on Trade Promotion, National Quality Infrastructure, National Organic Control Unit (NOCU), TEC Meeting on Spices Branding, Committee meeting on Developing Specifications for Herbal, Fruit & Flavored Teas at SLTB, National Innovation Agency Steering Council (NIA)                                                                                                                                                   |
| 5 | <b>Issuance of TRQC/ recommendation letters for quota.</b> | Issuance of Apparel quota Certificates for the apparel exporters under ISFTA                                                                                                                                                                                                                                                                                                                                                                                 |
|   |                                                            | Issuance of recommendation letters of duty waiver for importation of basmati rice quota under PSFTA                                                                                                                                                                                                                                                                                                                                                          |
| 6 | <b>General</b>                                             | Declaration of Credit Agencies                                                                                                                                                                                                                                                                                                                                                                                                                               |
|   |                                                            | Organize familiarization visit to DoC officials in Sri Lanka                                                                                                                                                                                                                                                                                                                                                                                                 |
|   |                                                            | Preparing monthly/quarterly summary reports of Commercial officers                                                                                                                                                                                                                                                                                                                                                                                           |
|   |                                                            | Preparation and compilation of Action Plan, Progress and Performance Reports of DoC                                                                                                                                                                                                                                                                                                                                                                          |
|   |                                                            | Compilation/ review of Monthly/ Quarterly/ Annual/ Special Reports of Commercial Officers                                                                                                                                                                                                                                                                                                                                                                    |
|   |                                                            | Provide budget for the trade promotional activities for the commercial officers abroad.                                                                                                                                                                                                                                                                                                                                                                      |

## I. Serving Trade Inquiries

During the period under review, the commercial officers have received 991 such inquiries and duly attended by providing necessary information/guidance with a view to promoting Sri Lanka's products in the foreign markets. The 32 inquiries received by DOC from prospective exporters in Sri Lanka and other trade related agencies were directed to the commercial officers for their immediate follow ups.

## **II. Assistance to Resolve Trade Disputes**

The Department of Commerce acts as a facilitator for resolving export and import related trade disputes through an amicable settlement between the disputed parties. Trade complaints are usually received by the Department through the Sri Lanka Mission overseas/ Foreign Embassies in Sri Lanka or directly. During the period under review 136 such complaints were dealt with the assistance of the commercial officers based in overseas Missions and Foreign Missions in Sri Lanka.

## **III. Recommendation for Residence Visas**

As required by the Department of Immigration and Emigration and as delegated by the Secretary of Ministry of Trade, the DOC issues recommendation letters for residence visa only for competent expatriates, consultants, specialists and their dependents employed at liaison offices, branch offices or foreign companies, other trade and commercial ventures, taking into account the direct benefits of such employments accrued for export trade, technology transfer and productivity improvement to the National Economy etc.

Residence visa recommendation letters were issued for 93 expatriates in trading and services sectors and 51 dependents in 2022.

## **IV. Approving of Credit Agencies**

Under the Mortgage Act No. 6 of 1949, Director General of Commerce is empowered to declare a company, a firm, institution or individual as an approved credit agency. The Director General is required to do so on the basis of a recommendation by a Board consisting of a Chairman and two other persons appointed by the Hon. Minister under Section 114 (1) of the Mortgage Act No. 6 of 1949.

Hon Minister of Trade appointed the new Board of three members namely, Mr. Jayantha De Silva/ Attorney at Law (Chairman); Mr. J. R. C. Jayathilaka/ Director General, Trade & Investment Policy Department, Ministry of Finance (Member) and Ms. Kanthi Gunawardane/ Additional Secretary, Ministry of Trade (member) with effect from 15<sup>th</sup> March 2021 through the Extraordinary Gazette Notification No. 2220/56 published on 25<sup>th</sup> March 2021. The first meeting of the appointed Board was held at the DOC on 29<sup>th</sup> April 2021 and it was decided to come up with a set of new criteria. The board deferred the evaluation of the applications to the next meeting. A Zoom meeting was held with the members of the Credit Board on 17<sup>th</sup> June to finalize the evaluation criteria and the format of the application form. An amended application form was circulated among the Board members and obtained their concurrence. The amended application was circulated among the prospective applicants and the DoC is waiting for their submission. Information required to finalize the evaluation criteria has been obtained from the Central Bank of Sri Lanka. The Credit Board meeting which was to be held in November was rescheduled to January 2022.

## V. Organizing awareness sessions

- A Zoom meeting was organized to introduce the products of the M/s Bee Hives Organic (Pvt) Ltd with the purpose of promoting company's herbal and spice products in overseas markets.66 Diplomatic officials including H.E. the High Commissioners, H.E. the Ambassadors, Consuls Generals and Commercial Officers of the Sri Lanka Missions abroad participated at this meeting along with officials of the Ministry of Trade, Commerce and Food Security and Ministry of Foreign Affairs.

Mr. Sumudu Gamage, Manager from the Ms. Bee Hives Organic made a descriptive presentation on the products the company has been producing with the support of the village farmers around Kekirawa and sought the assistance to find buyers/importers in overseas markets.

- Promotion of High-Quality Sri Lankan Herbal Exotic Products of Ceylon Tropicana Pvt. Ltd.: The products brochure and the company profile were disseminated among the Commercial Officers to find importers of high-quality Sri Lankan herbal health products. One importer from Japan has already confirmed for the export of samples and another importer from London is in discussion with the Sri Lankan exporter.
- Webinar on promoting Sri Lankan Aluminum Extrusions Products of M/s Swisstek Aluminium Limited to UK, Canada USA, Australia and Pakistan: Webinar was organized on 16th August 2022 with Commercial Officers of UK, Canada, USA, Australia and Pakistan to find buyers. Swisstek Aluminium Limited made a presentation on their varieties of product profiles and their quality certification for the export market followed by an interactive discussion on quality standards and other trade measures requirements with each Commercial Officers in these countries.  
During the discussion Commercial Officers informed that they would contact the buyers which had already been circulated and agreed to have separate meetings with the company to continue further discussions on promoting their products, required standards and selecting potential buyers etc. Further, the Commercial Officer in Canada inform that Sri Lankan export that she has already contacted potential importers for their products will continue the discussions with them.
- Promotion of M/s Wichy Plantation Company (Pvt) Ltd: Webinar was organized on 13th September 2022 with the Commercial Officers to find buyers for the exports of the above company. CEO of Wichy Plantation Company (Pvt) Ltd made a presentation on their varieties of product profiles and requested supports from the commercial officers to promote and finding prospective buyers in respective countries.

## VI. Commercial Posts currently represented by DOC officers;

| Mission                 | Designation                    |
|-------------------------|--------------------------------|
| United Kingdom - London | Minister (Commercial)          |
|                         | [Third Secretary (Commercial)] |
| Pakistan - Karachi      | Consul General                 |
| USA - Washington DC     | Minister (Commercial)          |

|                                |                                                                                                                         |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>Switzerland</b> – Geneva    | Minister (Commercial)                                                                                                   |
| <b>Australia</b> - Sydney      | Consul (Commercial)                                                                                                     |
| <b>Canada</b> - Toronto        | Consul (Commercial)                                                                                                     |
| <b>UAE</b> - Dubai             | Consul General                                                                                                          |
| <b>Saudi Arabia</b> - Riyadh   | Minister (Commercial)                                                                                                   |
| <b>Singapore</b>               | Minister (Commercial)                                                                                                   |
| <b>South Korea</b> - Seoul     | Minister Counsellor (Commercial)                                                                                        |
| <b>Viet Nam</b> – Ha Noi       | Minister Counsellor (Commercial)                                                                                        |
| <b>USA</b> - Los Angeles       | Minister Counsellor (Commercial)                                                                                        |
| <b>China</b> – Beijing         | Minister Counsellor (Commercial)<br><i>Vacant from 01<sup>st</sup> September 2021 to 06<sup>th</sup> September 2022</i> |
| <b>Brazil</b> - Brasília       | Minister Counsellor (Commercial)                                                                                        |
| <b>India</b> – New Delhi       | First Secretary (Commercial)                                                                                            |
| <b>Thailand</b> - Bangkok      | First Secretary (Commercial)                                                                                            |
| <b>Bangladesh</b> - Dhaka      | First Secretary (Commercial)                                                                                            |
| <b>Japan</b> - Tokyo           | First Secretary (Commercial)                                                                                            |
| <b>France</b> - Paris          | First Secretary (Commercial)                                                                                            |
| <b>Germany</b> – Berlin        | First Secretary (Commercial)                                                                                            |
| <b>India</b> - Mumbai          | Second Secretary (Commercial)                                                                                           |
| <b>South Africa</b> - Pretoria | Second Secretary (Commercial)                                                                                           |
| <b>India</b> – Chennai         | Second Secretary (Commercial)                                                                                           |
| <b>Egypt</b> - Cairo           | Third Secretary (Commercial)                                                                                            |
| <b>Indonesia</b> – Jakarta     | Third Secretary (Commercial)                                                                                            |
| <b>Turkey</b> - Ankara         | Vacant from 12 <sup>th</sup> August 2022                                                                                |
| <b>Sweden</b> - Stockholm      | Third Secretary (Commercial)                                                                                            |
| <b>Malaysia</b> - Kuala Lumpur | Vacant from 25 <sup>th</sup> December 2022                                                                              |
| <b>Italy</b> - Milan           | Vacant - Rome post of the commercial officer was shifted to Milan and it is vacant from 23 <sup>rd</sup> September 2022 |
| <b>Russia</b> - Moscow         | Vacant from 23 <sup>rd</sup> September 2021                                                                             |
| <b>Belgium</b> - Brussels      | Vacant from 01 <sup>st</sup> June 2022                                                                                  |

Summary of activities undertaken by Commercial Officers stationed abroad during the period is listed in the below table;

|    | <b>Activity</b>                                                                            | <b>No. of activities in total</b> |
|----|--------------------------------------------------------------------------------------------|-----------------------------------|
| 1  | Conducting business matchmaking (B2B meetings)                                             | 1220                              |
| 2  | Conducting business networking sessions                                                    | 138                               |
| 3  | Organize Sri Lankan trade promotional events overseas (ex: business forums, seminars etc.) | 139                               |
| 4  | Organizing Sri Lanka's participation at overseas trade exhibitions/ trade fairs            | 114                               |
| 5  | Organizing inward buying missions to attend exhibitions/trade fairs in Sri Lanka           | 27                                |
| 6  | Organizing visit of trade delegations to host country host country from Sri Lanka          | 117                               |
| 7  | Attending to trade complaints                                                              | 136                               |
| 8  | Attending to trade inquiries for exports                                                   | 991                               |
| 9  | Providing market intelligence reports                                                      | 160                               |
| 10 | Promoting of Sri Lankan exhibitions in host/accredited countries                           | 80                                |
| 11 | Meetings with potential business partners and trade chambers                               | 972                               |
| 12 | Involving in market access issues                                                          | 73                                |
| 13 | Other trade related activities (e.g- publicity of tenders)                                 | 1222                              |
| 14 | Conducting investment seminars                                                             | 39                                |
| 15 | Attending to investment proposals                                                          | 120                               |
| 16 | Organizing investment promotional programmes                                               | 66                                |
| 17 | Other Investment related activities                                                        | 108                               |
| 18 | Organizing/facilitating Tourism Promotional Activities                                     | 276                               |
| 19 | Organizing/facilitating Sri Lanka's participation at overseas tourism exhibitions          | 51                                |
| 20 | Other Tourism related activities (e.g-attending to tourism inquiries)                      | 785                               |

## **a. Promotion of Trade**

Selected key trade promotional activities performed by the commercial officers in selected countries in the year are listed below;

### **Australia**

1. Organized the B2B meetings for the Sri Lankan companies of ICT/BOP, aluminium extrusions, paintbrushes in Australia.

### **Bangladesh**

1. Organized the B2B meetings for the Sri Lankan companies of roofing solutions, rubber gloves and water meters in Bangladesh.
2. Organized an online networking session between Dhaka Chamber of Commerce & Industry (DCCI) and National Chamber of Exporters (NCE) in Sri Lanka. Discussed the potential ways of enhancing the collaboration between the members. NCE shared a list of interested members who wish to collaborate with DCCI's membership. Based on the list, DCCI made a business match making and shared back the same.
3. Coordinated the matters of the visit of Hon. Foreign Minister to Bangladesh from 23-26 November to attend the IORA Conference. Bilateral Meeting with Hon. Prime Minister, Minister of Foreign Affairs, State Minister of Shipping, sideline meeting with Assistant Foreign Minister Japan, sideline meeting with the Assistant Foreign Minister of Australia, sideline meeting with Special Ambassador of Italy for EXPO 2030, interview with Daily Star Newspaper, interview with DBC TV channel were organized.

### **Belgium**

1. Coordinated the Working Group Meeting on Trade and Economic Cooperation, EU-SL Investor Dialogue, Working Group on Development Cooperation. During those meetings it were discussed and resolved areas having issues and strengthened cooperation in the areas of trade and investment.
2. Coordinated the receipt of Geographical Indication (GI) Certification for Ceylon Cinnamon by H.E. the Ambassador from Mr John Clarke, Director, International, and Director General AGRI of European Commission on 17.02.2022. Initiated to organize a series of Ceylon Cinnamon promotion campaign among European countries through Sri Lankan Embassies. It created more publicity for receipt of GI Certification for Ceylon Cinnamon, which adds more value for Ceylon Cinnamon in the EU market.

### **Brazil**

1. Organized the B2B meetings for the Sri Lankan companies of coir products and porcelain in Brazil.
2. In collaboration with Pátio Brasil Shopping Mall in Brasilia organized single country Trade and Tourism promotional event at a leading shopping malls in Brazil. Over 800 Brazilians

visited the stall and had the opportunity to taste different flavours of Ceylon Tea and Sri Lankan finger foods. During the event, Ceylon Tea, Cinnamon and other related exportable products were promoted.

3. The first Bilateral Political Consultation between Brazil & Sri Lanka was held on 28<sup>th</sup> November 2022. Special focus was drawn to promotion of ICT and other export commodities, Multilateral Recognition Agreements (MRAs) to facilitate trade, Information sharing relating to regulatory requirements applicable for foreign trade, Cooperation Agreement for Export Development and promotion of Investments, Technical Cooperation for Dairy and Sugarcane industry development. During the consultation, positive responses received from the Brazilian side for cooperation.

#### Canada

1. Organized the B2B meetings for the Sri Lankan companies of banking services, seafood, tea, food items in Canada.
2. Meet with Canadian Apparel Association (Mr. Bob Kierk, CEO), JAAF SL (SG, DSG) and Small and medium Scale apparel manufacturers to discuss a webinar and future programme on promotion of apparel products. Canadian Apparel Association agreed to host B2B sessions for small and medium scale manufacturers with a view to building Sri Lankan apparel exports to Canada.
3. Organized the Sri Lanka's participation at SIAL Canada 2022 – Montreal. Arranged B2B meetings with Sri Lankan origin Canadian Importers of Grocery products. Four private sector exporters participated and were able to receive inquiries, as the competitors (Kenya /India/Pakistan) was not present and also many inquiries were came as this was the 1st Physical exhibition of the Canada, after pandemic.

#### Egypt

1. Organized the B2B meetings for the Sri Lankan companies of coconut based products, rubber tyres, FMCG/ serials, cocopeat, spices.
2. For the proposal made by the Chairman of the Federation of Egyptian Chambers of Commerce to sign an MoU with the counterpart of Sri Lanka at the concluded meeting, the Commercial Section of the Embassy made necessary arrangements with the Secretary-General of Federation of Chambers of Commerce and Industry (FCCISL) of Sri Lanka. The mission requested a draft MoU from the Sri Lanka side to share the same with the Egyptian side for their consideration.

#### France

1. Organized the visit of the delegation of four Sri Lankan companies to participate at Sea Food Global Expo 2022 in Spain. Shared the details of potential sea food exporters in Barcelona/Spain while sharing the company profiles among potential buyers in France requesting them to visit the Exhibition. Shared the company details among Journalists in Spain requesting them to do a news report on Sri Lanka Pavilion.

2. Provided necessary assistance for SLEDB and SLTB trade delegations which consisted of 32 Sri Lankan export companies to successfully participate at the SIAL Paris 2022. Shared the contact details of potential importers, enabling them to make business meetings with them. Sri Lankan companies were able to receive positive responses and were highly satisfied with the outcome of their participation.

#### India

1. Organized the B2B meetings for the Sri Lankan companies of value added palmyrah & coconut products, personnel care items, medicine, value added spices, process foods, rubber products, minerals/ chemicals, polymer items, dairy products, fertilizers, sea foods, fresh fruits & vegetables, exotic fruits & vegetables, edible oils, tea, gem & Jewellery, apparel, logistics, ICT, life style products, biodegradable additives and financial services.

#### Indonesia

1. Organized a virtual meeting in collaboration with the Export Development Board (EDB) of Sri Lanka with the objective of connecting National ICT Council of Indonesia and Sri Lankan ICT sector associations namely Sri Lanka Association of Software and Service Companies (SLASSCOM) and Federation of Information Technology Industry Sri Lanka (FITIS). The Sri Lankan associations requested to connect with startups.
2. Organized a meeting with the EDB and Senior representatives of “Shopee” to discuss modalities for Sri Lankan companies to enter the Indonesian market through “Shopee”. The senior representatives of “Shopee” agreed to provide modalities for Sri Lankan companies to enter the Indonesian market through “Shopee”.

#### Japan

1. Organized the B2B meetings for the Sri Lankan companies of sportswear, lingerie products, tea, coffee, fresh fruits, solid tyres, software solutions, cocopeat, cocoa beans, moringa powder, coir products, cinnamon & other spices, apparel, sea foods, brushes, activated carbon, cashew nuts and gloves.
2. Organized online consultation session on “Strategy to Enter The Japanese Food Market” with the support of Manufactured Import and Investment Promotion Organization (MIPRO). About 50 Sri Lanka SME exporters in the food sector participated in the consultation and about 15 companies developed their product quality, and packaging to suit Japanese market.
3. Organized a webinar on “Blue Sapphire - World of Charming Sri Lankan Jewels” in association with the Japan Gem Society. The webinar was attended by over 100 prospective buyers representing the Japan Gem Society and Japan Jewellery Association. Picture of Sri Lanka’s blue sapphire depicted in a stamp issued by the Postal Department of Japan.

## Malaysia

1. Organized the B2B meetings for the Sri Lankan companies of logistics, ICT, Tea, sea foods, packaging and spices.

## Pakistan

1. Organized the B2B meetings for the Sri Lankan companies of accessories of tyres, coconut based products, roofing solutions, coir products, activated carbon, spices, king coconut, betel leaves, sea foods, PVC pipes, porcelain, furniture, frozen fruits & vegetables and aluminium extrusion.

## Saudi Arabia

1. Organized the B2B meetings for the Sri Lankan companies of seafood, ornamental plants, food & beverages, industrial products, tea, paints and car charging devices.
2. Organized the Sri Lanka's participation at the Saudi Horeca Exhibition was held in Riyadh from 22-24 November 2022. Five Sri Lankan companies were participated and organized the meetings with several buyers in Saudi Arabia.
3. Coordinated the visits of Hon. State Minister for Regional Cooperation to Saudi Arabia. The Saudi Ministry of Investment facilitated in arranging a business dialogue with the high level executives representing around 25 leading companies in Saudi Arabia.

## Singapore

1. Organized the B2B meetings for the Sri Lankan companies of solar energy, ICT, Tea, seafood, fresh fruits, vegan products, coconut products, organic fresh fruits, king coconuts and gems.
2. Facilitated the visit of Sri Lankan business delegation arranging meetings with the members of leading chambers and supermarkets chains. Some members were able to export their products to Singapore already.
3. Facilitated the participation of Sri Lankan company Magicbit at EDUtech Asia exhibition and Fcode Lab at Fintech festival arranging one on one business meetings during their stay in Singapore. Both the companies are negotiating with Singapore companies to finalize their deals.

## South Korea

1. Organized B2B meetings for Sri Lankan companies of coffee, cocopeat, herbal oil & cosmetics manufacturing, spices, Sri Lankan arts & crafts, tea, fresh fruits, coconut products, cashew nuts, processed foods, wooden kitchen utensils and wooden furniture.
2. In collaboration with the Sri Lanka Export Development Board (EDB) and the Seafood Exporters Association of Sri Lanka, organized an online awareness session for the Korea Fisheries Trade Association (KFTA) with a view to introduce fishery and seafood products and opportunities in fishery sector of Sri Lanka to the Korean market.

3. In collaboration with the Sri Lanka Tea Board facilitated a Sri Lanka pavilion at the Seoul International Café Show 2022 exhibition, held in the Republic of Korea (Rok) with four Sri Lankan companies. 75 Trade Enquiries, 16 enquiries with high potential, the exhibitors had exposure to the South Korea market and conducted individual B2B meetings with new buyers as well as existing buyers.

#### Switzerland

1. With the initial discussions, Swiss Import Promotion Programme (SIPPO) has agreed to include Sri Lanka as a member for its programme. Accordingly, in December 2021 the SIPPO has agreed to include Sri Lanka as a partner country in its Programme Component-III. The MoU to include Sri Lanka as a partner country in its Programme Component-III of the SIPPO was signed between Sri Lanka and Switzerland in November 2022.
2. Virtual met with the NCE on 11.07.2022 was briefed on the activities that the Mission carries out in the area of multilateral trade policy formulation and any possible cooperation with regard to bilateral trade promotion.
3. Participated in negotiations on various outcome documents related to 12<sup>th</sup> Ministerial Conference, mainly in MC12 Political Declaration, Agriculture, WTO Response to the Covid-19 Pandemic, TRIPs waiver, Work Programme on Small Economies, and E-Commerce Work Program and Extension of Moratorium.

#### United State of America

1. Organized B2B meetings for Sri Lankan companies of cocopeat, organic fertilizers, spices, kithul trickle, spices, ICT, aluminium extrusion, toys, dehydrated fruits, spices, foods, coconut products, process foods, rubber gloves, ayurvedic products, building constructions and logistics.
2. Organized the Sri Lankan participation at the Magic Apparel show in Las Vegas 2022. Nine Sri Lankan companies participated for the Exhibition. Successfully capitalizing the numerous business opportunities created at the event to access the vast U.S as well as the North & South American markets securing direct orders worth of over several Million US dollars at the site itself, whilst establishing and consolidating a large number of business contacts with the US based companies as well as companies based outside of the USA making an aggressive push to promote Sri Lanka as key apparel export destination.
3. Organized a webinar with the cooperation of ICTA for five IT related product companies and IT professionals in the USA and more than 17 Sri Lankan IT professionals and personnel from IT related companies participated for the webinar. Business linkages were made between participants and companies.
4. In collaboration with U.S Department of Commerce jointly initiated a project under the Commercial Law Development Programme (CLDP) to offer assistance towards the Sri Lanka in three broad areas namely; offering assistance towards uplifting Country's trade related legal infrastructure, offering assistance towards enhancing the country's trade, investment & tourism prospects in the US market being Sri Lanka's number one export destination, offering

assistance towards enhancing the country's trade, investment & tourism prospects in the other key export destinations of Sri Lanka. With the continuous persuasion, it was facilitated participation of Sri Lankan apparel exporters at a key apparel sourcing trade fair in the USA under CLDP without incurring any financial burden.

5. A Meeting was held with the new Director of Asia and Pacific Department of IMF who is overall in charge of IMF affairs in the Asia Pacific region that includes Sri Lanka with the objective of discussing details related to the way forward on the IMF EFF. He had highlighted the importance of supporting Sri Lanka at this time of need. The time taken to release IMF funds through EFF would be contingent upon how soon those creditors would agree on the debt restructuring of Sri Lanka's public debts.
6. In collaboration with the American Spice Trade Association (ASTA), hosted a reception on 13<sup>th</sup> September 2022 at the Embassy premises in Washington D.C., promoting Sri Lanka as a key spice exporting country. More than 100 guests that includes over 60 members of ASTA along with the senior officials representing key governmental institutions of the USA graced the event. The Embassy took the opportunity to boost tourism in Sri Lanka as well. The event was financially supported by the ASTA further enhancing long-standing trade relations with exporters of Sri Lanka.

#### Vietnam

1. Organized B2B meetings for Sri Lankan companies of electric motor vehicles, education, ICT and Chemicals.
2. Organized the Sri Lanka's participation at the Viet Nam Expo in Ho Chi Minh City 2022, 1-3 December 2022. Seven Sri Lankan companies participated and received well over 100 trade inquiries and held a large number of business meetings with interested parties. They have also interacted with over 20 potential buyers of products, mainly in the areas of electric cables, industrial electric products, cinnamon products, and various types of tea.

#### **b. Promotion of Foreign Direct Investments**

The Commercial Officers stationed abroad continued to play a vital role in attracting foreign direct investments (FDI) into the country. In this regard, they engage in establishing strong network of contacts with the major investors and investment promotion agencies overseas. Further, they also arrange one-to-one business meetings for outward business delegations from Sri Lanka for identification of potential Joint Venture partners for the expansion of manufacturing industries in Sri Lanka. Also, the commercial officers meet potential investors in their respective markets, and briefed them on the investment opportunities available in the island.

Some selected investment promotional activities, facilitated by the commercial officers in their respective countries;

## Brazil

1. Met with the President of the Federation of Commerce, Services and Tourism of the State of Goiás (Fecomercio-GO) and the President of the Association of Commercial, Industry and Services of Goiás (ACIEG) and discussed availability of opportunities for investing in pharmaceutical and livestock sectors and sugar manufacturing industry in Sri Lanka. Also, agreed to sign MoU with a leading Trade Chamber in Sri Lanka.

## Canada

1. Thiru Incorporation and Arun Kirupa of Promaketer, Canada met virtually and physically with the officials of BOI, SLASSCOM, Computer Society of SL, EDB, CCC and individual companies to invest in Sri Lanka on Digital /software industry and participated at the Digital Investment Forum. Discussions were taken place on Investment and mentorship into early and mid-stage start-ups.

## Egypt

1. Met with the General Authority of Investments (GAFI) with regard to opening a new plant of Hirdaramani in Egypt. As per the initial communications made with the GAFI with regard to introducing potential investors from Sri Lanka, the Commercial Secretary of the Embassy and the Head of Finance of Hirdaramani Knit, Ethiopia had a meeting with the officials of the General Authority of Investments (GAFI).

## India – Chennai

1. Organized an investment seminar at the Mission premises in collaboration with BDIE, Tamilnadu. Arranged 20 member investment delegation to Sri Lanka.

## Indonesia

1. Organized a virtual meeting between Indonesian pharmaceutical company namely Dexa Medica and Board of Investment of Sri Lanka with the assistance of the Ministry of Trade of Indonesia and the company would consider on investment in Sri Lanka in future.

## Japan

1. Organized “Invest in Sri Lanka” webinar with the assistance of United Nations Industrial Development Organization (UNIDO) - Tokyo and BOI Sri Lanka. 84 Japanese potential investors participated; BOI is in discussion with potential parties.
2. Facilitated to establish Sakura Koihi Noen Pvt Ltd by a Japanese investor in Sri Lanka to farm Coffee in Bandarawela. Investment of USD 100,000 to plant 4,000 coffee plants.

## Singapore

1. Investment Promotion Programme was organized in collaboration with the Singapore Indian Chamber of Commerce and Industry during the visit of Hon. Governor of the Northern Province of Sri Lanka. Investors have shown interest to invest in Northern Province in Sri Lanka.

## South Korea

1. Organized a bilateral meeting for the Hon. Minister with Korea Trade-Investment Organization (KOTRA). Number of important investment promotion matters were discussed during the meeting. Establishing a special investment zone for Korean investors in Sri Lanka was discussed in detail.
2. The Mission engaged with Korea Agriculture Development Institute (KADI) with a view to explore possible ODA collaborations in the agri development and renewable energy sectors. Facilitated KADI in developing an ODA programme offered by the Ministry of Trade, Industry and Energy of the RoK to develop the agribusinesses and renewable energy projects in Sri Lanka.

## United State of America

1. Arrangements were made for the directors of Sri Lanka America Chamber of Commerce in Las Vegas to meet Port City development project and Port City Economic Commission to discuss further details related to the potential investment and to submit the proposal. Business proposal of Twinning Port City with the city of Las Vegas and attracting leading gaming companies to invest in the Port City was submitted to the Port City.

### **c. Promotion of Tourism**

Recognizing the enormous potential in the tourism sector, the commercial officers have organized various promotional programs in foreign countries with the support of the Sri Lanka Tourism Promotion Bureau to promote Sri Lanka as an attractive tourist destination. The main strategies, adopted by the commercial officers to promote Sri Lanka as a tourist destination include; arranging special forums and conferences, organizing Sri Lanka promotion events, facilitating participation at international tourism fairs, arranging media delegations and familiarization tours to Sri Lanka, setting up tourism promotion councils, and providing publicity through electronic, print and social media in the host country etc.

Some of the key events organized by commercial officers in collaboration with Sri Lanka Tourism Promotion Bureau, Sri Lanka Convention Bureau and other responsible tourism promotion institutions are given below;

## Bangladesh

1. Organized MICE Promotion event which comprised with B2B Session, Media Briefing and Business Forum. Around 150 Bangladeshi MICE agents attended the event.

## Brazil

1. Organized a networking session with Brasilia based Printed and Electronic Media Journalists to promote Sri Lankan Tourism, Food and Ceylon Tea.
2. Facilitated a Brazilian media and audio-visual production company, located in São Paulo. The company did a documentary series in Sri Lanka called 'Wonder Nature' and filming in Yala, Yala National Park, River Menik, The Monastic Village of Sithulpawwa, Lunugamvehera National Park and other locations during the month of April. The Mission introduced list of production companies in Sri Lanka for necessary coordination and to receive approvals from Sri Lanka.

## Egypt

1. A virtual meeting was held with the selected Egyptian travel blogger to further discuss on the proposed FAM tour to Sri Lanka. It was briefed on the current status of the proposal and shared the evaluation form received from the SLTPB with him in order to evaluate the selection and obtain more details about the blogger.

## France

1. Arranged a meeting with Minister of Tourism of Sri Lanka for 40 Travel Agents in collaboration with the Sri Lankan Airlines in France and an online press conference with a social media journalist were organized by the Embassy to promote SL tourism in France.
2. Facilitated Sri Lanka Tourism Delegation consisted with 08 leading Tour Operators from Sri Lanka to successfully attend at IFTM TOP RESA 2022 Tourism exhibition which was held from 20-22 September in Paris.

## India – Chennai

1. Arranged first time ever media familiarization program to promote Murugan trail in Sri Lanka in collaboration with SLTPB. 06 renowned media houses in South India participated this 11 days visit to Sri Lanka and had been given enough publicity on Sri Lanka's culture on their respective channels and medias. Both Kandy and Katharagama Esala perahera were live streamed by News07 & news 18 channels. Moreover, enough publicity was given on Sri Lanka by other media as well.
2. Arranged a tourism awareness session called "Visit Sri Lanka" for a few popular media houses in Chennai and re assured their support to promote and project Sri Lanka's tourism sector.

## Indonesia

1. Met with the senior officials of the “Traveloka” to promote Sri Lanka as a tourist destination. Traveloka senior officials agreed to provide a proposal with the required budget to promote Sri Lanka as a tourist destination through Traveloka App.

## Japan

1. Organized Sri Lanka Food Competition among Japanese was organized to popularize the Sri Lanka Cuisine among Japanese and encouraging Japanese to visit Sri Lanka.
2. The Sri Lanka Ayurveda Promotion programme was organized to commemorate international Ayurveda day with the objective of popularizing wellness tourism in Sri Lanka. 30 Japanese persons attendee the event and in December 20 members of Japanese tourism visited Sri Lanka to experience Ayurveda.

## Singapore

1. Webinar on post pandemic tourism trends in Sri Lanka was conducted in collaboration with the Sri Lanka Tourism Promotion Bureau and National Association Travel Agents of Singapore. More than 45 tour operators and Media personals participated at the event.

## South Korea

1. In collaboration with the Sri Lankan Airlines Office in Seoul organized a Sri Lanka booth at the 7<sup>th</sup> Korea International Tourism Show (KITS 2022). The Sri Lanka booth at KITS 2022 attracted large number of potential Korean travelers by portraying the island’s diverse tourism themes and displaying a variety of unique products from Sri Lanka.
2. In collaboration with the Sri Lanka Tourism Promotion Bureau (SLTPB) organized a media familiarization tour for a group of most prominent Korean Journalists to Sri Lanka. The journalists from the prestigious “Korea Herald” English newspaper and the “Elle Korea Magazine” participated at the media FAM tour to Sri Lanka. “Elle Korea” magazine published an article promoting Sri Lanka Tourist attractions in the April edition of the magazine. “The Korea Herald” newspaper published two articles promoting Sri Lankan Tourist Attractions on 16<sup>th</sup> -17<sup>th</sup> September (Weekend edition) of the newspaper, following a media familiarization tour to Sri Lanka in March, 2022.

## United State of America

1. Facilitated to BBC to obtain visa for Mr. David Reichert, Underwater Camera Operator-USA for filming Sperm Whales off the coast in Kalpitiya, Sri Lanka for a new BBC Wildlife documentary.
2. Participated at Seatrade Cruise Global 2022 in Miami representing SLTPB and organized Sri Lanka’s booth at Seatrade Cruise Global 2022 promoting Sri Lanka’s general and cruise tourism prospects. Held number of meetings with prospective cruise liners as well as other

stake holders in the industry to seek the possibility of promoting Sri Lanka as a cruise destination.

3. Arrangements were made for leading tour operators/tourism contacts in New York to attend Tourism promotional event followed by a reception hosted by Permanent Mission of Sri Lanka in New York in association with Turkish Airlines.

#### Vietnam

1. Participated at the International Food Festival 2022, in Ha Noi. Sri Lankan booth became very attractive with Sri Lankan cuisine, handicrafts and Sri Lankan products. Promoted Sri Lankan cuisines, culture and tourism among Vietnamese.
2. Sri Lanka was promoted as a travel destination at the International Day of the Ha Noi International School (HIS). Many inquiries were received about attractive places to visit in Sri Lanka and some were indicating that Sri Lanka would be their next destination.

### **1.5.5 Research and Training Division**

#### **I. Research Activities:**

##### **a. Research related to Free Trade Agreements**

The following research activities were conducted on Free Trade Agreements:

1. Survey on issues encountered by the EEC sector exporters under FTAs/RTAs
2. Preliminary Impact Assessment on SL exports to UAE under the new India – UAE FTA
3. Partial Equilibrium Analysis on possible trade gains from CSFTA
4. Status of Trade in Services Negotiations under FTAs with India, China and Thailand
5. Main TLP features of China FTAs entered with developing countries
6. Ex-Ante Analysis on potential FTA with Sri Lanka and UAE
7. China FTAs- A comparative Analysis
8. Analysis on New Zealand-EU FTA and impact on SL exports
9. Impact of the African continental free trade area (AFCFTA) to the trade between Sri Lanka and Africa

##### **b. Research related to Sri Lanka's trade with the world**

The following research activities were conducted on Sri Lanka's trade with the world:

1. Uneven market access Analysis for Apparel products in the Chinese market
2. A comprehensive report has been prepared on commercial relationship between Sri Lanka and members of the Organization of Islamic Cooperation (OIC)

3. Opportunities to Export Desiccated Coconut to the EU / Italy
  4. Analysis of SL trade relation data with middle east region
  5. Impact of Trade Controls on Sri Lanka's Merchandise Trade Deficit (MTD)
  6. Rubber tyre market in Brazil and opportunities for Sri Lanka
  7. Business opportunities for Sri Lanka in western region of India
  8. COs performance growth Analysis from 2018-2022
  9. Tourism prospects for Sri Lanka in Vietnam
  10. Strengthen the Relationship of SL economy with emerging South India
  11. Introduction to Laws and Regulations Related to Labeling of Health Foods in Japan
  12. Report on brief overview of the market opportunities in Egypt for DC, Activated Carbon & Coco peat
  13. Report on an overview on vegan and plant-based food products in the UK
  14. Report on Trade with Pacific Alliance countries
  15. Report on Sri Lanka – Pakistan Economic Relations
  16. Apparel Industry in Canada & Market Opportunities for Sri Lanka
- c. The following Capacity Building and Information Dissemination (CBID) Reports were prepared and circulated among DoC officers in Colombo and serving in Sri Lanka missions abroad;
1. Congressional Testimony Strategic Importance of Digital Economic Engagement in the Indo-Pacific
  2. Note on Imports subject to Licensing Requirements
  3. EU GI Registration Notification
  4. E Govt Procurement Progress of Sri Lanka
  5. 2021 Summary of COO Issuance
  6. Government Forex outflow Confidential Report
  7. NO -CBID Issues under this number
  8. Note on Latest Updates on FTAs PTAs
  9. Main global trends, charts, and tables (Organic Agriculture)
  10. UK and Singapore sign new innovative Digital Trade deal
  11. The Impact on Trade and Development of the War in Ukraine
  12. Impact of (Sri Lanka's) Trade Control on Merchandise Trade Deficit (MTD)
  13. Preliminary Impact Assessment on SL exports to UAE under the New India – UAE FTA
  14. China-EU - international trade in goods statistics - Statistics Explained
  15. IMF Country Report No. 22/91 (SRI LANKA)
  16. Comparative Analysis China's Free Trade Agreements (FTAs) with Other Countries
  17. Note on Betel Leaves Market in Pakistan
  18. Note on Perspectives on Sri Lanka's Debt Burden & Policy Options
  19. Note on "The Island of 13/05/2022-Financial Review-Export earnings exceed USD 1 billion for ninth consecutive month"
  20. Note on "Second Export Barometer Survey - Findings and Insights Report"
  21. Short Survey-Government Own Business Undertakings in Sri Lanka which are exporting
  22. Note on "Japan Revises Agricultural Export Facilitation Act"
  23. Note on "Russia-Ukraine conflict puts fragile global trade recovery at risk"

24. Note on "UNCTAD's World Investment Report 2022"
25. Bangladesh and Sri Lanka economies are not simply comparable
26. An update to CBID 21 with data upto 2021
27. Preferential Trade Agreements (PTAs)/ Free Trade Agreements (FTAs) of Sri Lanka
28. Note on Impacts of the New Zealand-UK Free Trade Agreement on the New Zealand Economy
29. A Brief Note on: EU - New Zealand FTA
30. Note on Why record export earnings may not be good news
31. Summary based on the International Tea Committee Annual Bulletin of Statistics 2021
32. Stable goods barometer points to stagnating global trade growth
33. Insight into new Import Suspension
34. Report on Grain and Feed Annual - 2022
35. COO Summary for August 2022 and Jan-Aug 2022
36. "Supreme Court determination on Practicing Legal Services by Limited Liability Companies"
37. Future of Trade via Blockchain – Post Webinar presentation materials and the recorded webinar
38. The Least Developed Countries Report 2022: The low-carbon transition and its daunting implications for structural transformation
39. Daily Mirror article: Fiscal Consolidation for Restoring Macroeconomic Stability
40. Daily FT article: China edges out the US in battle to control Middle East

## **II. Training**

### **a. Awareness Programmes for Business Community**

The following awareness programmes were conducted:

1. Joint Webinar with the Ceylon National Chamber of Industries (CNCI) on opportunities under FTAs and RTAs. (20.01.2022)
2. Joint webinar held with National Chamber of Commerce Sri Lanka (NCCSL) under the theme of GSP+, Past, present and the future (07.04.2022)
3. Joint webinar held with the Federation Chamber of Commerce & Industry of Sri Lanka (FCCISL) on preferential and non-preferential exports (02.06.2022)
4. Joint Webinar with CNCI on Certificate of Origin (COOs) (28.07.2022)
5. Joint Webinar in collaboration with the WTO, SL Mission in Geneva and DoC on Trade in Services
6. Awareness seminar has been organized for the Sri Lankan exporters with the Commercial Officer based in Brazil (31.01.2022)
7. Awareness seminar has been organized for the Sri Lankan exporters with the Commercial Officer based in Canada (15.3.2022)
8. Awareness seminar has been organized for the Sri Lankan exporters with the Commercial Officer based in Japan (08.06.2022)

9. Awareness seminar has been organized for the Sri Lankan exporters with the Commercial Officer based in Saudi Arabia (03.08.2022)
10. Awareness seminar has been organized for the Sri Lankan exporters with the Commercial Officer based in South Korea (08.09.2022)
11. Awareness seminar has been organized for the Sri Lankan exporters with the CO in Dubai (02.11.2022)
12. Trade in Services Webinar with the WTO (12, 20 and 21 December 2022)

#### **b. Domestic Training and workshops for DoC and other public sector officials**

Following training programmes were organized:

1. Awareness seminar has been organized for line agencies on role of the DoC (17.11.2022)
2. COs capacity Development Webinar on Foreign Business incorporation with E&Y (24.02.2022)
3. COs capacity Development Webinar on 'lankaremit app' with the support of Lankaclear Pvt ltd (16.03.2022)
4. COs capacity Development Webinar with Central Bank on issuance of Sri Lanka Development Bonds (26.04.2022)
5. COs capacity Development Webinar on US Countervailing Investigations on steel nail exports (16.06.2022)
6. COs capacity Development Webinar Session with DG/BOI (30.08.2022)
7. COs capacity Development Webinar with SLASSCOM (24.11.2022)
8. The 2<sup>nd</sup> Legal Case Study completed for DoC Staff – February 2022
9. Delivered a presentation to the staff of MoT on regional trading arrangements 8<sup>th</sup> March 2022.
10. MICE tourism Workshop organized by the Ministry of Tourism on 17<sup>th</sup> November 2022)
11. Disseminate Capacity Building Information among DoC Staff (Series)

#### **c. DoC Officer's Participation in International Training Programmes**

Arrangements were made for the officials of the Department of Commerce to participant in the following international training programmes: Most are on virtual mode

1. Training and Capacity Building Programme titled "Bay of Bengal Regional Trade Connectivity Capacity Building Programme Series (Virtual)
2. Seminar on Investment Facilitation & Development from 16 to 22 March 2022 (Virtual)
3. Seminar on South - South Cooperation in Border E- Commerce for Poverty Eradication & Global Sustainable Development - 25-27 March (Virtual)
4. UNIDO offered Sri Lanka Trainings on Trade, Tourism & Investment Promotion in China and the Blue Economy on 23<sup>rd</sup> June 2022 (Virtual)

5. Australia Awards Sri Lanka Short Course - Trade Promotion and Marketing-post Covid-19 – (Physical in Australia and Sri Lanka) (29<sup>th</sup> Aug. to 17<sup>th</sup> Sept. 2022 in Australia and 12<sup>th</sup> – 13<sup>th</sup> December 2022)
6. Round table discussion on trade and infrastructure connectivity, Bangkok Thailand 8<sup>th</sup> & 9<sup>th</sup> December 2022.

### **1.5.6 Rules of Origin Division**

The DOC issues Certificate of Origin (COOs) for Sri Lankan origin products exported under the following preferential schemes and regional, bilateral and free trade agreements under this division.

- Generalized System of Preference (GSP)
- Global system of Trade Preference (GSTP)
- SAARC Preferential Trading Agreement (SAPTA)
- South-Asian Free Trade Area (SAFTA)
- Indo-Sri Lanka Free Trade Agreement (ISFTA)
- Pakistan-Sri Lanka Free Trade Agreement (PSFTA)
- Asia-Pacific Trade Agreement (APTA)

On an average working day, over 120 COOs are normally processed during a day by the DoC. though this number was again affected this year because of the COVID-19 pandemic. A team of highly specialized and experienced officers, who are assigned fulltime to the Certificate of Origin Division, are available for consultation and further clarification at any time during office hours without prior appointments. The responsibilities of the DOC in this regard include;

- a. Assessment of eligibility of a product for tariff concessions
- b. Registration and maintenance of exporters' profiles,
- c. Evaluation of cost statements and other supporting documents submitted by the exporters to access the eligibility,
- d. Conducting post-COO issuance audits at the request of preference giving countries,
- e. Compilation of COO related data and analytical reports.

### **I. Continued COO Service during COVID-19 pandemic**

The Rules of Origin Division continued to work uninterrupted through 2022, despite periodic regulated movement and opening of offices, and working with roster staff. During 2022, the DoC processed on average about 121 COOs per day; over the year, daily numbers ranged from about 304 to 61.

While the DoC gradually moved back to physically accepting COO applications, it continued to process company registrations and cost statements via emails. As officers responsible for these applications worked from roster, this enabled applications to be processed without delay by officers

working from home. At the same time, DoC ensured that COOs submitted physically to the Department office were processed within one hour, enabling exporters/agents to quickly collect their documents.

#### Details of issuance of COOs by DOC (2015- 2022)

| <b>Agreements</b>    | <b>2016</b>    | <b>2017</b>    | <b>2018</b>   | <b>2019</b>   | <b>2020</b>   | <b>2021</b>   | <b>2022</b>   |
|----------------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| EU GSP*              | 74,003         | 80,867         | 43,680        | 4328          | REX           | REX           | REX           |
| GSP Other Countries* | 12,495         | 12,468         | 10,884        | 8775          | 6,775         | 7,209         | 6494          |
| <b>Sub Total 1</b>   | <b>86,498</b>  | <b>93,335</b>  | <b>54,564</b> | <b>13,103</b> | <b>6,775</b>  | <b>7,209</b>  | <b>6,494</b>  |
| ISFTA                | 12,621         | 12,864         | 12,882        | 13,743        | 9,972         | 12,085        | 11,973        |
| PSFTA                | 6,673          | 6,703          | 5,265         | 6,669         | 5,608         | 4,373         | 4,090         |
| APTA                 | 4,508          | 6,038          | 4,290         | 5,515         | 5,806         | 6,135         | 5,068         |
| SAFTA                | 149            | 679            | 557           | 1,323         | 671           | 1,240         | 982           |
| SAPTA                | 288            | 277            | 239           | 220           | 117           | 135           | 136           |
| GSTP                 | 143            | 100            | 143           | 137           | 187           | 139           | 123           |
| <b>Sub Total 2</b>   | <b>24,382</b>  | <b>26,661</b>  | <b>23,376</b> | <b>27,607</b> | <b>22,361</b> | <b>24,107</b> | <b>22,372</b> |
| <b>Grand Total</b>   | <b>110,880</b> | <b>119,996</b> | <b>77,940</b> | <b>40,710</b> | <b>29,136</b> | <b>31,316</b> | <b>28,866</b> |

\*Due to the full implementation of REX system (Exporter's Declaration) effective from 01.07.2019, number of Certificates of Origin issued by the Department reduced.

In addition, the DoC provided or completed the following services for exporters and the general public.

| <b>Services Provided</b> | <b>No. (2022)</b> |
|--------------------------|-------------------|
| Company Registrations    | 178               |
| Cost statements          | 3,490             |
| Affidavits               | 684               |
| Inquiries                | 28,866            |
| Verifications            | 498               |

## **II. EU GSP REX System**

Registered Exporter system (the REX system) is the system of certification for origin of goods that applies in the Generalized System of Preference (GSP) of the European Union since 1 January 2017. Under the REX system, instead of certificate of origin, only a declaration is needed from the Exporter for the certification.

Sri Lanka started the implementation of REX system with effect from 01.01.2018 and fully implemented from 01.07.2019. A total of 99 companies registered under REX in 2021, and a total of 1,023 companies are now using the REX system to export to the EU.

## **III. Development of an E-COO System**

The DOC, with the technical and financial support of ITC and GIZ, initiated a project to further develop the currently existing system for the electronic issuance of COOs, with a view to addressing current gaps in the system and addition of new features. The project was launched in the context of the COVID-19 pandemic, with a view to addressing challenges faced by exporters as a result of mobility restrictions, intermittent lockdowns and minimization of face-to-face interactions due to current safety concerns. At the same time, the system is expedited to generally streamline and expedite the issuance of COOs and other support services.

At the end of 2022, ITC and DoC had completed the following activities under the project:

Elysian Crest Company, which was selected as the Developer of the E-COO project, prepared Software Requirements Specification (SRS) document having consultation with the DOC and SRS was signed by the DOC on 25th February 2022.

Central Bank approval sought & received on 4 March 2022 to integrate LPOP with the eCoO system.

Server requirements were shared with the Information and Communication Technology Agency (ICTA) of Sri Lanka and server space was allocated by ICTA on Lanka Government Cloud.

The software development company undertook the necessary configurations and shifted hosting from their test server to Lanka Government Cloud.

Data migration was completed and during the reporting period, the 'Eligibility' and the 'Registration' components went live. Before going live, the Project Committee members were requested to submit all relevant documents in applying for CoOs through the system in order to check the accuracy of the two components.

Awareness raising sessions were held over a 2-week period for exporters on how to register in the new e-CoO system; around 200 companies were trained in these awareness raising

sessions. Separate awareness raising sessions were also held for arecanut and pepper exporter registrations. While an ultimatum of end November was provided to existing exporters to register in the new e-CoO system.

Development and testing of some of the other core features of the system -both exporter and DoC sides- were also completed.

Completed the development of the e-payment gateway. The blank paper management component which manages the issued, used and remaining blank papers for each agreement was also completed and presented by the IT Development Company to the DoC.

With the new cycle for quota (for garments-ISFTA) being opened in the first week of December, the TRQC component went live in December 2022.

Training on DoC company registration, review process, approval and issuance of CoOs, and the review of costs statements/affidavits were completed.

The relevant user-manuals and you-tube videos were also prepared and shared by the software development company after approved by the ROO Division.

6 PCs, 4 laptops, 13 monitors, 6 UPS' and VGA cards; 2 scanning machines are provided by the ITC to the DOC for ECOO System.

In order to secure the DoC network and the new system, a firewall was provided by the ITC upon an official request made by the DoC.

Multiple meetings were also held with Lanka Clear and People's Bank to finalize the technical details and the related documentation requirements in integrating the payment systems and signed MOU with LPOPP and Peoples' Bank Integration requirement and Internet Payment Gateway.

## **1.6 Institutions/Funds coming under the Ministry/Department/Provincial Council**

Not Applicable

### 1.7 Details of the Foreign Funded Projects (if any)

| <b>Name of the Project</b>                                             | <b>Donor Agency</b>                                                                                                                                                                                                     | <b>Estimated Cost of the Project<br/>Rs. Mn</b>                                                                                                                                                   | <b>Project Duration</b> |
|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Automated system for the electronic issuance of Certificates of Origin | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) with financial support from the Federal Ministry for Economic Cooperation and Development (BMZ), Germany under the 'Trade Facilitation for SMEs' project. | Procurement is directly done by the ITC.<br>Euro 300,000<br>(This includes all costs, i.e. software development & other technical costs, 3-year maintenance support, IT equipment, firewall, etc) | October 2021- June 2023 |

## Chapter 02- Progress and the Future Plans

### 2.1 Progress

#### Global Scenario

According to the World Trade Organization (WTO) estimates, world trade lost the momentum in the second half of 2022 and will remain subdued in 2023 as multiple shocks weigh on the global economy. WTO economists predicted that the global merchandise trade volumes would grow by 3.5% in 2022—slightly better than the 3.0% forecast in April. For 2023, however, they foresee a 1.0% increase—down sharply from the previous estimate of 3.4%. Trade and output will be weighed down by several related shocks, including the war in Ukraine, high energy prices, inflation, and monetary tightening. ([https://www.wto.org/english/news\\_e/pres22\\_e/pr909\\_e.htm-30.12.2022](https://www.wto.org/english/news_e/pres22_e/pr909_e.htm-30.12.2022))

#### IMF Forecast on 2023 the Future Outlook

According to the head of the IMF, Ms. Kristalina Georgieva, one third of the world economy is likely to be in recession in 2023. She explained that as US, EU and China see their economies slow, war in Ukraine, rising prices, higher interest rates and the spread of COVID in China weigh on the global economy. Further, she said that even countries that are not in recession, it would feel like recession for hundreds of millions of people.

Even though China is the world's second largest economy, it would face a difficult start in 2023. Chinese growth would be negative, the impact on the region will be negative; the impact on global growth will be negative. The downturn in the US also would lead to less demand for the products that are made in China and other Asian countries including Thailand and Vietnam.

Higher interest rates lead to make borrowing more expensive, less invest and not expanding the businesses. It causes investors to pull money out of an economy. The countries, especially poorer ones, have less cash to pay for crucial imports like food and energy. The impact of higher interest rates on loans affects economies at the government level too – especially emerging markets, which may struggle to repay their debts.

#### Demand is shrinking in Sri Lanka's traditional Markets

According to the WTO estimates, import demand from our traditional markets such as North America and Europe will contract substantially. According to the below table import demand growth in north America may shrink from 8.5% in 2022 to 0.8% in 2023. Further, demand from Europe will be negative for the year 2023.

However, Sri Lanka's next level import markets such as Asia and Middle East will have a growth of 2.2% and 5.7% respectively.

| Annual % change |      |      |       |      |       |       |
|-----------------|------|------|-------|------|-------|-------|
|                 | 2018 | 2019 | 2020  | 2021 | 2022P | 2023P |
| <b>Imports</b>  |      |      |       |      |       |       |
| North America   | 5.1  | -0.6 | -5.9  | 12.3 | 8.5   | 0.8   |
| South America c | 4.6  | -1.8 | -10.7 | 25.4 | 5.9   | -1.0  |
| Europe          | 1.9  | 0.3  | -7.3  | 8.3  | 5.4   | -0.7  |
| CIS d           | 4.0  | 8.3  | -5.5  | 9.1  | -24.7 | 9.4   |
| Africa          | 5.5  | 3.1  | -14.7 | 7.7  | 7.2   | 5.7   |
| Middle East     | -4.4 | 11.2 | -10.1 | 8.4  | 11.1  | 5.7   |
| Asia            | 5.0  | -0.4 | -1.0  | 11.1 | 0.9   | 2.2   |

Source: WTO Estimates

## Sri Lanka Scenario

These global shrinking of world trade in 2023, will have unfavorable repercussions on countries similar to Sri Lanka. According to our own trade data, it can be observed a similar pattern for Sri Lanka as well. Total trade has declined from 32 billion in 2021 to around 30 billion in 2022. However, trade deficit has been contained in 2022, mainly due to controls imposed on imports and slight growth on export front. The global recession is likely to impact significantly on the Sri Lankan economy. The big-gest blow has been and will continue to be to the country's manufactured exports. Already, in the last quarter of 2022, export orders diminished and the robust manufactured exports dipped. It is clear that this trend would continue as export orders for the first half of 2023 have declined. This is especially so for the country's main export of apparel. It has also affected rubber goods and ceramics exports.

## 2.2 Special Achievements, Challenges & Future Targets

### Ambitious FTA Policy

The Government has an ambitious FTA policy particularly with major economies in Asia. During next two years, it is expected that Sri Lanka will enter comprehensive FTAs with India, China and Thailand. Further, Government is considering eventual accession to more comprehensive arrangements such as RCEP (Regional Comprehensive Economic Partnership). Given the shrinking of demand in our traditional markets, Sri Lanka needs to explore new markets, preferably in Asia through the FTA strategy.

### New Trade Strategy

During the budget of 2023, government has presented several measures aiming at mainstreaming the trade policy. In this regard, government in one hand intend to raise the profile of trade in national policy discussions while making a institutional mechanism to sustain that profile.

The budget has spelled – out very ambitious targets for international trade for next 10 years, where total trade (Exports and Import) is expected to reach at 100% of GDP. It is also expected that removal of para-tariff in gradual manner will commence from January 2023.

Budget also contained a few measures such as establishment of agency for External Trade and Investment, International Trade Officer (ITO) and Ministry of Foreign Affairs and International Trade to better institutionalize the trade policy

### **Commercial Diplomacy**

Sri Lanka's foreign trade relations continued to focus on bilateral, regional and multilateral levels aiming at promoting trade and attracting investment. Sri Lanka further pursued to optimal utilization of preferences and expand market access through Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) with its trading partners.

Government has given highest priority for the Commercial Diplomacy aiming at promotion of Sri Lanka's goods and service exports and inward FDI to Sri Lanka through a wider engagement with the Sri Lanka's overseas Missions.

### **Trade Facilitation**

Sri Lanka being a WTO member, continued to engage in the implementation of Trade Facilitation Agreement (TFA). As an endeavor to further facilitate the cross-border trade by providing timely updated trade related information through the Sri Lanka Trade Information Portal (SLTIP). The Department of Commerce continues to conduct awareness sessions to broad base the usage of SLTIP among the members of the business community located outside the Western Province with the support of international agencies regional chambers.

The Department has already launched the computerization of the issuance of Certificate of Origin under FTAs and PTAs. It stood at an advanced stage by the end of 2022. Once implemented, it will save time and money for the private sector in obtaining the COOs from the Department.

Sri Lanka's Total Imports, Exports and Balance of Trade statistics for the period of 2011 – 2022 is as follows.

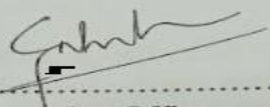
(Value: US \$ Mn.)

| <b>Year</b> | <b>Exports</b> | <b>Growth %</b> | <b>Imports</b> | <b>Growth %</b> | <b>Total Trade</b> | <b>Balance of Trade</b> |
|-------------|----------------|-----------------|----------------|-----------------|--------------------|-------------------------|
| <b>2011</b> | 10,018         | 20.8            | 19,703         | 59.7            | 29,721             | -9,685                  |
| <b>2012</b> | 9,181          | -8.4            | 17,889         | -9.2            | 27,069             | -8,708                  |
| <b>2013</b> | 10,009         | 9.0             | 17,098         | -4.4            | 27,107             | -7,088                  |
| <b>2014</b> | 11,044         | 10.3            | 19,246         | 12.6            | 30,290             | -8,202                  |
| <b>2015</b> | 10,212         | -7.5            | 18,989         | -1.3            | 29,201             | -8,777                  |

|              |        |       |        |       |        |         |
|--------------|--------|-------|--------|-------|--------|---------|
| <b>2016</b>  | 10,217 | 0.1   | 19,515 | 2.7   | 29,732 | -9,298  |
| <b>2017</b>  | 11,411 | 11.69 | 21,324 | 9.2   | 32,735 | -9,913  |
| <b>2018</b>  | 11,687 | 2.42  | 22,069 | 3.5   | 33,756 | -10,382 |
| <b>2019</b>  | 11,769 | 0.7   | 19,486 | -11.7 | 31,255 | -7717   |
| <b>2020</b>  | 9,912  | -15.7 | 15,606 | -19.9 | 25,518 | -5,694  |
| <b>2021</b>  | 12,249 | 23.9  | 20,052 | 28.66 | 32,301 | -7,803  |
| <b>2022*</b> | 12,800 | 4.5   | 17,500 | -12.7 | 30,300 | -4,700  |

**Source: Sri Lanka Customs**

**\* December data is based on linear estimation**

  
 .....  
 Accounting Officer:  
 Name: **Gilma Dahanayake**  
 Designation: **Director General (Actg.)**  
 Date: 27/2/2023. **Department of Commerce**  
**No. 432, 2nd Floor,**  
**R. A. De Mel Mawatha,**  
**Colombo 03**

## Chapter 03- Overall Financial Performance for the Year ended 31<sup>st</sup> December 2022

### 3.1 Statement of Financial Performance

ACA -F

#### Statement of Financial Performance for the period ended 31st December 2022

| Budget 2021                                                            | Note | Actual            | Restated           |
|------------------------------------------------------------------------|------|-------------------|--------------------|
| Rs.                                                                    |      | 2022<br>Rs.       | 2021<br>Rs.        |
| - Revenue Receipts                                                     |      | -                 | -                  |
| - Income Tax                                                           | 1    | -                 | -                  |
| - Taxes on Domestic Goods & Services                                   | 2    | -                 | -                  |
| - Taxes on International Trade                                         | 3    | -                 | -                  |
| - Non-Tax Revenue & Others                                             | 4    | -                 | -                  |
| - <b>Total Revenue Receipts (A)</b>                                    |      | -                 | -                  |
| - Non-Revenue Receipts                                                 |      | -                 | -                  |
| - Treasury Imprests                                                    |      | 68,810,000        | 110,746,000        |
| - Deposits                                                             |      | 177,325           | 645,812            |
| - Advance Accounts                                                     |      | 4,761,368         | 5,179,548          |
| - Other Main Ledger Receipts                                           |      | -                 | -                  |
| - <b>Total Non Revenue Receipt (B)</b>                                 |      | <b>73,748,693</b> | <b>116,571,360</b> |
| - <b>Total Revenue Receipts &amp; Non-Revenue Receipts C = (A)+(B)</b> |      | <b>73,748,693</b> | <b>116,571,360</b> |
| - <b>Remittance to the Treasury (D)</b>                                |      | <b>14,518,504</b> | <b>5,929,621</b>   |
| - <b>Net Revenue Receipts &amp; Non Revenue Receipts E = (C)-(D)</b>   |      | <b>59,230,189</b> | <b>110,641,739</b> |
| - <b>Less: Expenditure</b>                                             |      |                   |                    |
| - <b>Recurrent Expenditure</b>                                         |      |                   |                    |
| - Wages, Salaries & Other Employment Benefits                          | 5    | 72,818,487        | 65,664,514         |
| 75,080,000                                                             |      |                   |                    |

ACA-1

ACA-3

ACA-4

ACA-5

|                    |                                                            |    |                            |                            |           |
|--------------------|------------------------------------------------------------|----|----------------------------|----------------------------|-----------|
| 32,520,000         | Other Goods & Services                                     | 6  | 25,211,967                 | 24,496,616                 | ACA-2(ii) |
| 90,700,000         | Subsidies, Grants and Transfers                            | 7  | 672,888                    | 45,254,127                 |           |
| -                  | Interest Payments                                          | 8  | -                          | -                          |           |
| -                  | Other Recurrent Expenditure                                | 9  | -                          | -                          |           |
| <u>198,300,000</u> | <b>Total Recurrent Expenditure (F)</b>                     |    | <b>98,703,342</b>          | <u>135,415,257</u>         |           |
|                    | <b>Capital Expenditure</b>                                 |    |                            |                            |           |
| 150,000            | Rehabilitation & Improvement of Capital Assets             | 10 | 107,515                    | 11,429,567                 | ACA-2(ii) |
| 750,000            | Acquisition of Capital Assets                              | 11 | 711,371                    | 490,188                    |           |
| 7,000,000          | Capital Transfers                                          | 12 | 4,287,171                  | 3,099,376                  |           |
| -                  | Acquisition of Financial Assets                            | 13 | -                          | -                          |           |
| 100,000            | Capacity Building                                          | 14 | 24,000                     | 61,900                     |           |
| -                  | Other Capital Expenditure                                  | 15 | -                          | -                          |           |
| <u>8,000,000</u>   | <b>Total Capital Expenditure (G)</b>                       |    | <b>5,130,057</b>           | <u>15,081,031</u>          |           |
|                    | Deposit Payments                                           |    | 484,463                    | 31,535                     | ACA-4     |
|                    | Advance Payments                                           |    | 4,157,543                  | 5,472,093                  | ACA-5     |
|                    | Other Main Ledger Payments                                 |    | -                          | -                          |           |
|                    | <b>Total Main Ledger Expenditure (H)</b>                   |    | <b>4,642,006</b>           | <u><b>5,503,628</b></u>    |           |
|                    | <b>Total Expenditure I = (F+G+H)</b>                       |    | 108,475,405                | <u>155,999,916</u>         |           |
|                    | <b>Balance as at 31st December J=(E-I)</b>                 |    | <u><u>(49,245,216)</u></u> | <u><u>(45,358,177)</u></u> |           |
|                    | <b>Balance as per the Imprest Reconciliation Statement</b> |    | (49,245,216)               | (45,358,177)               | ACA-7     |
|                    | <b>Imprest Balance as at 31st December</b>                 |    | -                          | -                          | ACA-3     |
|                    |                                                            |    | <u><u>(49,245,216)</u></u> | <u><u>(45,358,177)</u></u> |           |

### 3.2 Statement of Financial Position

ACA-P

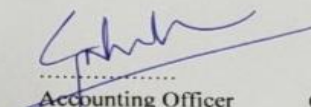
#### Statement of Financial Position As at 31st December 2022

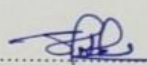
|                                     | Note       | 2021<br>Rs        | Actual<br>2020<br>Rs |
|-------------------------------------|------------|-------------------|----------------------|
| <b><u>Non-Financial Assets</u></b>  |            |                   |                      |
| Property, Plant & Equipment         | ACA-6      | 65,151,249        | 60,014,462           |
| <b><u>Financial Assets</u></b>      |            |                   |                      |
| Advance Accounts                    | ACA-5/5(a) | 12,505,697        | 13,109,522           |
| Cash & Cash Equivalents             | ACA-3      | -                 | -                    |
| <b>Total Assets</b>                 |            | <b>77,656,946</b> | <b>73,123,984</b>    |
| <b><u>Net Assets / Equity</u></b>   |            |                   |                      |
| Net Worth to Treasury               |            | 12,198,558        | 12,495,245           |
| Property, Plant & Equipment Reserve |            | 65,151,249        | 60,014,462           |
| Rent and Work Advance Reserve       | ACA-5(b)   | -                 | -                    |
| <b><u>Current Liabilities</u></b>   |            |                   |                      |
| Deposits Accounts                   | ACA-4      | 307,139           | 614,277              |
| Unsettled Imprest Balance           | ACA-3      | -                 | -                    |
| <b>Total Liabilities</b>            |            | <b>77,656,946</b> | <b>73,123,984</b>    |

Detail Accounting Statements in ACA format Nos. 1 to 7 presented in pages from 01 to 51 and Annexures to accounts presented in pages from 52 to 59 form an integral part of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these Financial Statements, Notes to accounts and other relevant accounts were reconciled with the Treasury Books of Accounts and found in agreement.

We hereby certify that an effective internal control system for the financial control exists in the Reporting Entity and carried out periodic reviews to monitor the effectiveness of internal control system for the financial control and accordingly make alterations as required for such systems to be effectively carried out.

  
 Chief Accounting Officer  
 Name :  
 Designation :  
 Date : 2023/02/24

  
 Accounting Officer  
 Name :  
 Designation :  
 Date : 2023/02/21

  
 Chief Financial Officer/ Chief Accountant/  
 Director (Finance)/ Commissioner (Finance)  
 Name :  
 Date : 2023/02/21

**A. M. P. M. B. Atapattu**  
 Secretary  
 Ministry of Trade, Commerce and  
 Food Security

**Gilma Dahanayake**  
 Director General (Actg.)  
 Department of Commerce  
 No. 492, 2nd Floor,  
 R. A. De Mel Mawatha,  
 Colombo 03

**K.H. Wijesinghe**  
 Accountant  
 For Director General



### 3.3 Statement of Cash Flows

ACA-C

#### Statement of Cash Flows for the Period ended 31st December 2022

|                                                    | Actual     | Restated    |
|----------------------------------------------------|------------|-------------|
|                                                    | 2022       | 2021        |
|                                                    | Rs.        | Rs.         |
| <b><u>Cash Flows from Operating Activities</u></b> |            | -           |
| Total Tax Receipts                                 | -          | -           |
| Fees, Fines, Penalties and Licenses                | -          | -           |
| Profit                                             | -          | -           |
| Non-Revenue Receipts                               | 46,105,835 | 41,247,230  |
| Revenue Collected on behalf of Other Revenue Heads | -          | -           |
| Imprest Received                                   | 68,810,000 | 110,746,000 |

|                                                                                  |                    |                    |
|----------------------------------------------------------------------------------|--------------------|--------------------|
| Recoveries from Advance                                                          | 3,520,218          | 3,396,259          |
| Deposit Received                                                                 | 177,325            | 645,812            |
| <b>Total Cash generated from Operations (A)</b>                                  | <b>118,613,378</b> | <b>156,035,301</b> |
| <b><u>Less - Cash disbursed for:</u></b>                                         |                    |                    |
| Personal Emoluments & Operating Payments                                         | 98,068,609         | 101,614,047        |
| Subsidies & Transfer Payments                                                    | 672,888            | 42,442,605         |
| Expenditure incurred on behalf of Other Heads                                    | -                  | 300,000            |
| Imprest Settlement to Treasury                                                   | 14,518,504         | 5,929,621          |
| Advance Payments                                                                 | 4,157,543          | 5,227,305          |
| Deposit Payments                                                                 | 484,463            | 31,535             |
| <b>Total Cash disbursed for Operations (B)</b>                                   | <b>117,902,007</b> | <b>155,545,113</b> |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES (C )=(A)-(B)</b>                      | <b>711,371</b>     | <b>490,188</b>     |
| <b><u>Cash Flows from Investing Activities</u></b>                               |                    |                    |
| Interest                                                                         | -                  | -                  |
| Dividends                                                                        | -                  | -                  |
| Divestiture Proceeds & Sale of Physical Assets                                   | -                  | -                  |
| Recoveries from On Lending                                                       | -                  | -                  |
| <b>Total Cash generated from Investing Activities (D)</b>                        | <b>-</b>           | <b>-</b>           |
| <b><u>Less - Cash disbursed for:</u></b>                                         |                    |                    |
| Purchase or Construction of Physical Assets & Acquisition of Other Investment    | 711,371            | 490,188            |
| <b>Total Cash disbursed for Investing Activities (E)</b>                         | <b>711,371</b>     | <b>490,188</b>     |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES( F)=(D)-(E)</b>                       | <b>(711,371)</b>   | <b>(490,188)</b>   |
| <b>NET CASH FLOWS FROM OPERATING &amp; INVESTMENT ACTIVITIES (G)=( C ) + (F)</b> | <b>0</b>           | <b>0</b>           |
| <b><u>Cash Flows from Financing Activities</u></b>                               |                    |                    |

|                                                            |          |          |
|------------------------------------------------------------|----------|----------|
| Local Borrowings                                           | -        | -        |
| Foreign Borrowings                                         | -        | -        |
| Grants Received                                            | -        | -        |
| <b>Total Cash generated from Financing Activities (H)</b>  | -        | -        |
| <b><u>Less - Cash disbursed for:</u></b>                   |          |          |
| Repayment of Local Borrowings                              | -        | -        |
| Repayment of Foreign Borrowings                            | -        | -        |
| <b>Total Cash disbursed for Financing Activities (I)</b>   | -        | -        |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(H)-(I)</b> | -        | -        |
| <b>Net Movement in Cash (K) = (G) + (J)</b>                | <b>0</b> | <b>0</b> |
| <b>Opening Cash Balance as at 01<sup>st</sup> January</b>  | <b>0</b> | <b>0</b> |
| <b>Closing Cash Balance as at 31<sup>st</sup> December</b> | <b>0</b> | <b>0</b> |

### 3.4 Notes to the Financial Statement- NIL

### 3.5 Performance of the Revenue Collection

Rs. ,0000

| Revenue Code | Description of the Revenue Code | Revenue Estimation |       | Collected Revenue |                                  |
|--------------|---------------------------------|--------------------|-------|-------------------|----------------------------------|
|              |                                 | Original           | Final | Amount (Rs.)      | As a % of Final Revenue Estimate |
|              |                                 | Nil                |       |                   |                                  |

### 3.6 Performance of the Utilization of Allocation

| Type of Allocation | Allocation  |             | Actual Expenditure | Allocation Utilization as a % of Final Allocation |
|--------------------|-------------|-------------|--------------------|---------------------------------------------------|
|                    | Original    | Final       |                    |                                                   |
| Recurrent          | 198,300,000 | 198,300,000 | 98,703,342         | 50                                                |
| Capital            | 8,000,000   | 8,000,000   | 5,130,057          | 64                                                |

### 3.7 In terms of F.R.208 grant of allocations for expenditure to this Department/District Secretariat/Provincial Council as an agent of the other Ministries/Departments

Rs. ,0000

| Serial No. | Allocation Received from Which Ministry/Department | Purpose of the Allocation | Allocation |       | Actual Expenditure | Allocation Utilization as a % of Final Allocation |
|------------|----------------------------------------------------|---------------------------|------------|-------|--------------------|---------------------------------------------------|
|            |                                                    |                           | Original   | Final |                    |                                                   |
|            | Nil                                                |                           |            |       |                    |                                                   |

### 3.8 Performance of the Reporting of Non- Financial Assets

| Assets Code | Code Description        | Balance as per Board of Survey Reports as at 31.12.2021 | Balance as per financial position Report as at 31.12.2022 | Yet to Accounted | Reporting progress as a % |
|-------------|-------------------------|---------------------------------------------------------|-----------------------------------------------------------|------------------|---------------------------|
| 9152        | Machinery and Equipment | 60,014,462.27                                           | 65,151,249.35                                             | No               | 100%                      |

### 3.9 Auditor General's Report (Annex 01)

## Chapter 04- Performance Indicators

### 4.1 Performance indicators of the Department of Commerce based on an action plan

| #  | Performance Indicators                                                                        | Target Achievement<br>as a % |           |           |
|----|-----------------------------------------------------------------------------------------------|------------------------------|-----------|-----------|
|    |                                                                                               | 100% – 90%                   | 75% - 89% | 50% - 74% |
| 1  | Negotiations to secure tariff concessions under non-reciprocal trade agreements*              | ✓                            |           |           |
| 2  | Negotiations to secure tariff concessions under reciprocal trade agreements**                 | ✓                            |           |           |
| 3  | No of Joint Commissions held                                                                  | ✓                            |           |           |
| 4  | Defending Sri Lanka's interests at Multilateral Fora*                                         | ✓                            |           |           |
| 5  | Intervention and resolution of market access issues reported*                                 | ✓                            |           |           |
| 6  | Issuance of duly perfected COOs within 2 hrs                                                  | ✓                            |           |           |
| 7  | Number of business matchmaking (One-to-One)                                                   | ✓                            |           |           |
| 8  | Number of business networking sessions organized                                              | ✓                            |           |           |
| 9  | Number of Investment Seminars organized                                                       |                              |           | ✓         |
| 10 | Number of Sri Lankan promotional programs held overseas                                       | ✓                            |           |           |
| 11 | Organizing exhibitions/ trade fairs in selected foreign countries                             | ✓                            |           |           |
| 12 | Organizing inward buying missions to attend trade fairs/exhibitions held in Sri Lanka         |                              |           | ✓         |
| 13 | Awareness sessions conducted on market access opportunities under FTAs/RTAs and PTAs          | ✓                            |           |           |
| 14 | Awareness sessions conducted on carrier development/opportunities/threads international trade | ✓                            |           |           |
| 15 | Capacity building seminars/workshops conducted                                                |                              | ✓         |           |
| 16 | Number of Trade Inquiries attended                                                            | ✓                            |           |           |
| 17 | Number of Trade Complains attended                                                            | ✓                            |           |           |
| 18 | Number of residence visa recommendation                                                       | ✓                            |           |           |

*\*This is an ongoing process. The tasks/activities assigned to the Department has been completed during the period under review.*

*\*\* Non-reciprocal agreements refer to FTAS and PTAS, which were coordinated by the Office for International Trade (OIT) during the period under review. The Department extended technical expertise for on-going negotiations. The target achievement indicated in the schedule refers to the contribution made by the Department of Commerce.*

## Chapter 05- Performance of the achieving Sustainable Development Goals (SDG)

### 5.1 The Identified respective Sustainable Development Goals

| Goal/Objective                                                                                                    | Targets                                                                                                                                                                                                                                    | Indicators of the achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Progress of the Achievement to date |         |          |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------|----------|
|                                                                                                                   |                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 0%-49%                              | 50%-74% | 75%-100% |
| Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development | Target 17.10: promote a universal, rules-based, open, nondiscriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda.* | Active participation in the WTO negotiations, including 12 <sup>th</sup> Ministerial Conference of the WTO. Fulfilling the requirements of WTO Trade Facilitation Agreement; Implementation of the Anti-Dumping and Countervailing Duties Act No. 2 of 2018 and the Safeguard Measures Act No. 3 of 2018; Responding to the trade remedy investigations initiated against Sri Lanka; Participation in deliberations under the regular WTO Councils and Committees. Aid for Trade Global Review 2022 of the WTO; Technical assistance Programmes                                                                                                         |                                     |         | ✓        |
|                                                                                                                   | Target 17.11: Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2022*                                                            | Number of business matchmaking events, Number of business networking sessions in selected foreign countries, Number of investment seminars in selected foreign countries to promote export-oriented investments, Hosting Sri Lanka Trade Information Portal, Number of exhibitions/trade fairs in selected foreign countries, Number of inward buying missions to attend trade fairs/exhibitions held in Sri Lanka. Number of awareness sessions on opportunities available under FTAs and PTAs, Expedious issuance of Certificate of Origin to facilitate duty concessions under trade agreements/arrangements, Number of Joint Commissions, Number of |                                     |         | ✓        |

|  |  |                                                                |  |  |  |
|--|--|----------------------------------------------------------------|--|--|--|
|  |  | Interventions and resolution of market access issues reported. |  |  |  |
|--|--|----------------------------------------------------------------|--|--|--|

## 5.2 The achievements and challenges of the Sustainable Development Goals

### Achievements

- I. Active participation in the WTO negotiations, including 12<sup>th</sup> Ministerial Conference of the WTO. Multilaterally negotiated conclusions were secured in the areas of emergency response to food security, a waiver of intellectual property rights for manufacturing COVID 19 vaccines, WTO preparedness to the COVID 19 pandemic and preparedness for future pandemics and Agreement on Fisheries subsidies
- II. Fulfilling the requirements of WTO Trade Facilitation Agreement
- III. Implementation of the Anti-Dumping and Countervailing Duties Act No. 2 of 2018 and the Safeguard Measures Act No. 3 of 2018
- IV. Responding to the trade remedy investigations initiated against Sri Lanka
- V. Organizing 1220 business matchmaking (B2B meetings)
- VI. Conducting 138 business networking sessions in selected foreign countries
- VII. Organizing 39 investment seminars in selected foreign countries to promote export-oriented investments
- VIII. Hosting Sri Lanka Trade Information Portal
- IX. Organizing Sri Lanka's participation at 114 exhibitions/trade fairs in selected foreign countries
- X. Organizing/facilitating 276 tourism promotional activities in selected foreign countries
- XI. Awareness sessions on opportunities available under FTAs and PTAs
- XII. Expeditious issuance of Certificate of Origin to facilitate duty concessions under trade agreements/arrangements
- XIII. Intervention and resolution of market access issues reported.

### Challenges

- I. Progress of the Regional level negotiations is being hindered due to lack of convergence on pivotal issues and conflicting interests of key members.
- II. On the bilateral fronts, the forward move of negotiations is held back due to diverse ideologies.
- III. In the post Uruguay round period, dominance of the large countries in the negotiation process has substantially diminished. As a result, striking a deal by consensus at WTO negotiations has become a near impossibility. Plurilateral level negotiations are moving in the areas of investment facilitation, information technology, government procurement etc, instead.
- IV. Supply-side constraints among host of other constraints stand in the way of promoting Sri Lanka's exports.

## Chapter 06- Human Resource Profile

### 6.1 Cadre Management

| Description | Approved Cadre | Existing Cadre | Vacancies |
|-------------|----------------|----------------|-----------|
| Senior      | 67             | 48             | 19        |
| Tertiary    | 02             | 01             | 01        |
| Secondary   | 61             | 38             | 23        |
| Primary     | 21             | 16             | 05        |

### 6.2 Brief statement on how the shortage in human resources has been affected to the performance of the Department

The Department is in the process of recruiting new Assistant Directors of Commerce together with the Department of Examinations. The government policy on limiting new recruitments of government employees, this process is yet to be finalized. However, existing officials had to handle multiple functions under two or more supervising officers at a time to keep the department fully operational.

Further, shortage of staff in Management Service Officer and Driver categories created difficulties in providing supporting roles for the staff officers. Several communications were sent to relevant authorities highlighting the shortage of supporting staff. It was decided to send a request to the Management Services Department to increase the cadre position of Development Officers and suppress some cadre positions of Management Service Officers.

### 6.3 Human Resource Development

| Name of the Programme                                                                                        | No. of staff Trained | Duration of the Program | Total Investment (Rs '000) |         | Nature of the Program (Abroad/ Local) | Output/ Knowledge Gained                             |
|--------------------------------------------------------------------------------------------------------------|----------------------|-------------------------|----------------------------|---------|---------------------------------------|------------------------------------------------------|
|                                                                                                              |                      |                         | Local                      | Foreign |                                       |                                                      |
| Training and Capacity Building Programme titled “Bay of Bengal Regional Trade Connectivity Capacity Building | 01                   | 1 day                   | -                          | -       | Online                                | Gaining knowledge                                    |
| Seminar on Investment Facilitation and Development for Developing Countries                                  | 01                   | 7 days                  | -                          | -       | Online                                | Knowledge on Investment Facilitation and Development |

|                                                                                                                        |    |           |    |   |           |                                            |
|------------------------------------------------------------------------------------------------------------------------|----|-----------|----|---|-----------|--------------------------------------------|
| Seminar on South-South Cooperation in Cross Border E-Commerce for Poverty Eradication & Global Sustainable Development | 01 | 5 days    | -  | - | Online    | Knowledge on E-Commerce                    |
| WTO French – Irish Mission Internship Programme - 2022                                                                 | 01 | 10 months | -  | - | Geneva    | Overall knowledge on WTO and WTO functions |
| UNIDO offered Sri Lanka Trainings on Trade, Tourism & Investment Promotion in China and the Blue Economy               | 01 | 1 day     | -  | - | Online    | Gaining knowledge                          |
| Australia Awards Sri Lanka Short Course - Trade Promotion and Marketing-post Covid-19                                  | 04 | 3 weeks   | -  | - | Sri Lanka | Gaining knowledge                          |
| Round table discussion on trade and infrastructure connectivity                                                        | 01 | 2 days    | 25 |   | Thailand  | Gaining knowledge                          |
| MICE Tourism Workshop organized by the Ministry of Tourism                                                             | 02 | 1 day     | -  | - | Sri Lanka | Gaining knowledge                          |
| Course on Basic Stores Management                                                                                      | 01 | 1 day     | 9  |   | Sri Lanka | Gaining knowledge                          |
| Seminar on Pension Calculation and Payment                                                                             | 02 | 2 days    | 15 |   | Online    | Gaining knowledge                          |

#### 6.4 Contribution of training program to the performance of Department

The Department of Commerce plays a pivotal role in advancing Sri Lanka's trade policy agenda at three different level, viz. multilateral, regional and bilateral. Representing Sri Lanka's interests at WTO and other multilateral forums, negotiation and implementation of regional and bilateral free /preferential trade agreements, spearheading of Joint commissions for Trade and Economic Cooperation and similar arrangements with other governments etc. are some of the main responsibilities the DOC shoulders in this context. Through its trade representative service abroad, the DOC also makes a vital contribution to the Sri Lankan economy as a promoter and facilitator of trade, investment and tourism.

The strict meritocratic recruitment scheme of the DOC with island – wide competitive examination and appointment by Public Service Commission of Sri Lanka ensures that candidates with sound specialized qualifications only could join the Department. Since their recruitment, the DOC officers are provided with appropriate training and exposure in local and international fora. This, inter-alia,

includes participation in local and overseas training programmes in both trade policy and promotion, workshop and seminars, post-graduate studies and on the job training under senior officers. The Department of Commerce officials comprise the Diplomatic services (Commercial and Economic) under the contract with the Foreign Ministry. Due to the continuous service engagement of DOC officials from the time of their recruitment to retirement, the technical training and experience obtained is sustained throughout their career in the DOC.

## Chapter 07- Compliance Report

| No  | Applicable Requirement                                                                                   | Compliance Status<br>(Complied/Not Complied) | Brief explanation for Non-Compliance   | Corrective actions proposed to avoid non-compliance in future |
|-----|----------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------|---------------------------------------------------------------|
| 1.  | <b>The following Financial statements/accounts have been submitted on due date</b>                       |                                              |                                        |                                                               |
| 1.1 | Annual financial statements                                                                              | Complied                                     |                                        |                                                               |
| 1.2 | Advance to public officers account                                                                       | Complied                                     |                                        |                                                               |
| 1.3 | Trading and Manufacturing Advance Accounts (Commercial Advance Accounts)                                 | Not Applicable                               | Not relevant to Department of Commerce |                                                               |
| 1.4 | Stores Advance Accounts                                                                                  | Not Applicable                               | Not relevant to Department of Commerce |                                                               |
| 1.5 | Special Advance Accounts                                                                                 | Not Applicable                               | Not relevant to Department of Commerce |                                                               |
| 1.6 | Others                                                                                                   | Not Applicable                               | Not relevant to Department of Commerce |                                                               |
| 2.  | <b>Maintenance of books and registers (FR445)</b>                                                        |                                              |                                        |                                                               |
| 2.1 | Fixed assets register has been maintained and update in terms of Public Administration Circular 267/2018 | Complied                                     |                                        |                                                               |
| 2.2 | Personal emoluments register/ Personal emoluments cards has been maintained and update                   | Complied                                     |                                        |                                                               |
| 2.3 | Register of Audit queries has been maintained and update                                                 | Complied                                     |                                        |                                                               |
| 2.4 | Register of Internal Audit reports has been maintained and update                                        | Complied                                     |                                        |                                                               |

|      |                                                                                                                                                                   |          |  |                                                                                   |
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| 2.5  | All the monthly account summaries (CIGAS) are prepared and submitted to the Treasury on due date                                                                  | Complied |  |                                                                                   |
| 2.6  | Register for cheques and money orders has been maintained and update                                                                                              | Complied |  |                                                                                   |
| 2.7  | Inventory register has been maintained and update                                                                                                                 | Complied |  |                                                                                   |
| 2.8  | Stocks Register has been maintained and update                                                                                                                    | Complied |  |                                                                                   |
| 2.9  | Register of Losses has been maintained and update                                                                                                                 | Complied |  |                                                                                   |
| 2.10 | Commitment Register has been maintained and update                                                                                                                | Complied |  |                                                                                   |
| 2.11 | Register of Counterfoil Books (GA – N20) has been maintained and update                                                                                           | Complied |  |                                                                                   |
| 03   | <b>Delegation of functions for financial control (FR 135)</b>                                                                                                     |          |  |                                                                                   |
| 3.1  | The financial authority has been delegated within the institute                                                                                                   | Complied |  |                                                                                   |
| 3.2  | The delegation of financial authority has been communicated within the institute                                                                                  | Complied |  |                                                                                   |
| 3.3  | The authority has been delegated in such manner so as to pass each transaction through two or more officers                                                       | Complied |  |                                                                                   |
| 3.4  | The controls has been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software Package | Complied |  |                                                                                   |
| 4    | <b>Preparation of Annual Plans</b>                                                                                                                                |          |  |                                                                                   |
| 4.1  | The annual action plan has been prepared                                                                                                                          | Complied |  |                                                                                   |
| 4.2  | The annual procurement plan has been prepared                                                                                                                     | Complied |  |                                                                                   |
| 4.3  | The annual Internal Audit plan has been prepared                                                                                                                  | Complied |  | There is no internal audit section in the department. It is done by the Ministry. |

|     |                                                                                                                                                                                                                                                      |                |  |  |
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| 4.4 | The annual estimate has been prepared and submitted to the NBD on due date                                                                                                                                                                           | Complied       |  |  |
| 4.5 | The annual cash flow has been submitted to the Treasury Operations Department on time                                                                                                                                                                | Complied       |  |  |
| 5   | <b>Audit queries</b>                                                                                                                                                                                                                                 |                |  |  |
| 5.1 | All the audit queries has been replied within the specified time by the Auditor General                                                                                                                                                              | Complied       |  |  |
| 6   | <b>Internal Audit</b>                                                                                                                                                                                                                                |                |  |  |
| 6.1 | The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2) DMA/1-2019                                                                                       | Not Applicable |  |  |
| 6.2 | All the internal audit reports has been replied within one month                                                                                                                                                                                     | Complied       |  |  |
| 6.3 | Copies of all the internal audit reports has been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act No. 19 of 2018                                                                                | Complied       |  |  |
| 6.4 | All the copies of internal audit reports has been submitted to the Auditor General in terms of Financial Regulation 134(3)                                                                                                                           | Complied       |  |  |
| 7   | <b>Audit and Management Committee</b>                                                                                                                                                                                                                |                |  |  |
| 7.1 | Minimum 04 meetings of the Audit and Management Committee has been held during the year as per the DMA Circular 1-2019                                                                                                                               | Complied       |  |  |
| 8.  | <b>Asset Management</b>                                                                                                                                                                                                                              |                |  |  |
| 8.1 | The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017                                                                      | Complied       |  |  |
| 8.2 | A suitable liaison officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular | Complied       |  |  |

|      |                                                                                                                                                                                    |              |                                                              |                                                  |
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| 8.3  | The boards of survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of Public Finance Circular No. 05/2016                           | Complied     |                                                              |                                                  |
| 8.4  | The excesses and deficits that were disclosed through the board of survey and other relating recommendations, actions were carried out during the period specified in the circular | Complied     |                                                              |                                                  |
| 8.5  | The disposal of condemn articles had been carried out in terms of FR 772                                                                                                           | Complied     |                                                              |                                                  |
| 9    | <b>Vehicle Management</b>                                                                                                                                                          |              |                                                              |                                                  |
| 9.1  | The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the Auditor General on due date                                             | Complied     |                                                              |                                                  |
| 9.2  | The condemned vehicles had been disposed of within a period of less than 6 months after condemning                                                                                 |              | No condemned vehicles                                        |                                                  |
| 9.3  | The vehicle logbooks had been maintained and updated                                                                                                                               | Complied     |                                                              |                                                  |
| 9.4  | The action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident                                                                             |              | No vehicle accident occurred                                 |                                                  |
| 9.5  | The fuel consumption of vehicles has been re-tested in terms of the provisions of Paragraph 3.1 of the Public Administration Circular No. 30/2016 of 29.12.2016                    | Not Complied | Due to fuel problems in 2022, fuel testing could not be done | Relevant procedures are being developed for this |
| 9.6  | The absolute ownership of the leased vehicle log books has been transferred after the lease term                                                                                   | Complied     |                                                              |                                                  |
| 10   | <b>Management of Bank Accounts</b>                                                                                                                                                 |              |                                                              |                                                  |
| 10.1 | The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date                                                                       | Complied     |                                                              |                                                  |
| 10.2 | The dormant accounts that had existed in the year under review or since previous years settled                                                                                     | Complied     |                                                              |                                                  |

|      |                                                                                                                                                                                                                                              |                |  |  |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--|--|
| 10.3 | The action had been taken in terms of Financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and had those balances been settled within one month | Complied       |  |  |
| 11   | <b>Utilization of Provisions</b>                                                                                                                                                                                                             |                |  |  |
| 11.1 | The provisions allocated had been spent without exceeding the limit                                                                                                                                                                          | Complied       |  |  |
| 11.2 | The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1)                                                                                                                                        | Complied       |  |  |
| 12   | <b>Advances to Public Officers Account</b>                                                                                                                                                                                                   |                |  |  |
| 12.1 | The limits had been complied with                                                                                                                                                                                                            | Complied       |  |  |
| 12.2 | A time analysis had been carried out on the loans in arrears                                                                                                                                                                                 | Complied       |  |  |
| 12.3 | The loan balances in arrears for over one year had been settled                                                                                                                                                                              | Complied       |  |  |
| 13   | <b>General Deposit Account</b>                                                                                                                                                                                                               |                |  |  |
| 13.1 | The action had been taken as per F.R.571 in relation to disposal of lapsed deposits                                                                                                                                                          | Complied       |  |  |
| 13.2 | The control register for general deposits had been updated and maintained                                                                                                                                                                    | Complied       |  |  |
| 14   | <b>Imprest Account</b>                                                                                                                                                                                                                       |                |  |  |
| 14.1 | The balance in the cash book at the end of the year under review remitted to TOD                                                                                                                                                             | Complied       |  |  |
| 14.2 | The ad-hoc sub imprest issued as per F.R. 371 settled within one month from the completion of the task                                                                                                                                       | Complied       |  |  |
| 14.3 | The ad-hoc sub imprest had been issued exceeding the limit approved as per F.R. 371                                                                                                                                                          | Complied       |  |  |
| 14.4 | The balance of the imprest account had been reconciled with the Treasury books monthly                                                                                                                                                       | Complied       |  |  |
| 15   | <b>Revenue Account</b>                                                                                                                                                                                                                       |                |  |  |
| 15.1 | The refunds from the revenue had been made in terms of the regulations                                                                                                                                                                       | Not Applicable |  |  |

|      |                                                                                                                                                                                                                                             |                                         |  |  |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--|--|
| 15.2 | The revenue collection had been directly credited to the revenue account without credited to the deposit account                                                                                                                            | Complied                                |  |  |
| 15.3 | Returns of arrears of revenue forward to the Auditor General in terms of FR 176                                                                                                                                                             | Not Applicable                          |  |  |
| 16   | <b>Human Resource Management</b>                                                                                                                                                                                                            |                                         |  |  |
| 16.1 | The staff had been paid within the approved cadre                                                                                                                                                                                           | Complied                                |  |  |
| 16.2 | All members of the staff have been issued a duty list in writing                                                                                                                                                                            | Complied                                |  |  |
| 16.3 | All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017                                                                                                                                               | Complied                                |  |  |
| 17   | <b>Provision of information to the public</b>                                                                                                                                                                                               |                                         |  |  |
| 17.1 | An information officer has been appointed and a proper register of information is maintained and updated in terms of Right To Information Act and Regulation                                                                                | Complied                                |  |  |
| 17.2 | Information about the institution to the public have been provided by Website or alternative measures and has it been facilitated to appreciate / allegation to public against the public authority by this website or alternative measures | Complied                                |  |  |
| 17.3 | Bi- Annual and Annual reports have been submitted as per section 08 and 10 of the RTI Act                                                                                                                                                   | 08 is not applicable and 10 is complied |  |  |
| 18   | <b>Implementing citizens charter</b>                                                                                                                                                                                                        |                                         |  |  |
| 18.1 | A citizens charter/ Citizens client's charter has been formulated and implemented by the Institution in terms of the circular number 05/2008 and 05/2018(1) of Ministry of Public Administration and Management                             | Complied                                |  |  |
| 18.2 | A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens Charter / Citizens client's charter as per paragraph 2.3 of the circular                                | Complied                                |  |  |

|      |                                                                                                                                                                                                                                                    |          |  |  |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--|--|
| 19   | <b>Preparation of the Human Resource Plan</b>                                                                                                                                                                                                      |          |  |  |
| 19.1 | A human resource plan has been prepared in terms of the format in Annexure 02 of Public Administration Circular No.02/2018 dated 24.01.2018                                                                                                        | Complied |  |  |
| 19.2 | A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan                                                                                               | Complied |  |  |
| 19.3 | Annual performance agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular                                                                                                                   | Complied |  |  |
| 19.4 | A senior officer was appointed and assigned the responsibility of preparing the human resource development plan, organizing capacity building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular | Complied |  |  |
| 20   | <b>Responses Audit Paras</b>                                                                                                                                                                                                                       |          |  |  |
| 20.1 | The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified                                                                                                                      | Complied |  |  |