

**PERFORMANCE REPORT
AND
ANNUAL ACCOUNTS
FOR THE YEAR 2012**

DEPARTMENT OF COMMERCE

HEAD 295

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1.0 Introduction

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.”

Department of Commerce (DOC), the international trade policy arm of the Ministry of Industry and Commerce, plays a key 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 Department include activities relating to both trade policy and promotion. Summarized below are the broad areas of work so undertaken by the Department.

- Formulation and implementation of Sri Lanka’s international trade policy in close collaboration with relevant line ministries / authorities and private sector stakeholders.
- Rendering advice to the Ministry of Industry & Commerce on foreign trade policy with special emphasis on the overall development perspective of the country.
- Promotion of Sri Lanka’s commercial interests in the fields of trade, investment and tourism through overseas trade representation.

During the year under review, the Department continued its work program on the basis of the government vision of the foreign trade and the pivotal contribution it can make towards the overall economic development of the country. Thus, the 2012 work program, inter-alia, focused on further strengthening the existing trade ties, promotion of new markets and products, encouraging effective participation of the SME sector in the international trading system and promotion of Sri Lanka as a trading hub in the South Asian region. Through its overseas Trade Representation, the Department also extended necessary guidance and assistance toward promotion of foreign direct investment and Sri Lanka tourism as well.

2.0 Review of Sri Lanka's Foreign Trade 2012

2.1 Export & Import Performance

Sri Lanka's total export earnings during the year 2012 declined to US \$ 9,774 million from US \$ 10,559 million in 2011, registering a decrease of 7.4%. Earnings from both industrial sector and agricultural sector exports recorded decrease of 7.8%. Bulk of agricultural exports included tea accounting for US \$ 1,412 Million registering 5.3 % decrease, while earnings from rubber exports recorded a decrease of 39.4% compared to the year 2011.

2012 exports of industrial products, which stood at US \$ 7,371 million, indicated a decrease of 7.8 % over the year 2011. Accounting for as much as 41%, textile and apparel sector made the largest contribution to the total export earnings. Apparel exports decreased from US \$ 4,191 million in 2011 to US \$ 3,991 million in 2012, recording a 5% decline. Rubber based products and gems, diamonds and jewellery are the second and third largest contributors to the industrial exports respectively.

Table -1

Total Imports, Exports and Balance of Trade: 2008 - 2012
(Value: US\$ Mn.)

Year	Exports	% Growth	Imports	% Growth	Total Trade	Balance of Trade
2008	8,179	6.3	14,191	24.5	22,145	- 5,871
2009	7,085	- 13.0	10,206	- 28.0	17,291	-3,121
2010	8,626	21.7	13,451	31.8	22,076	-4,826
2011	10,559	22.4	20,269	50.9	29,721	-9,685
2012	9,774	-7.4	19,183	-5.4	28,957	-9,409

Source: Sri Lanka Customs

3.0 Bilateral Trade and Economic Co-operation

As in the case of the previous year, Sri Lanka placed a heavy emphasis on promotion of bilateral trade and economic cooperation with its major trading partners such as the USA, the EU, Russia, China, India, Pakistan and Iran. Sri Lanka attached an equal importance in advancing its commercial interests under the bilateral free trade agreements (FTA) signed with India and Pakistan.

3.1 Indo-Sri Lanka Free Trade Agreement (ISFTA)

The Indo-Sri Lanka Free Trade Agreement (ISFTA), which was signed on 28th December 1998 and entered into force with effect from 1st March 2000, provides duty free concessions to a wide range of products traded between the two countries. The ISFTA has been fully implemented since November 2008 and Sri Lanka can export more than 4000 product lines to the Indian market on duty free basis.

Sri Lanka's exports to India in 2012 which is US \$ 566 million have registered a growth of 8.6% compared to US \$ 522 million in 2011. This increase was mainly due to a significant increase in exports such as containers designed and equipped for carriage, animal feed, natural rubber, inter-changeable machine-tools, new pneumatic rubber tyres, clothing accessories, cinnamon, thermal papers, lead oxides, festive articles etc. It is important to note that most of the exports including the above products have been exported to India under the ISFTA. The Department of Commerce has issued a total of 9,742 Certificates of Origin (COOs) under the ISFTA in 2012. This indicates a reduction of 5% when compared to 10,277 COOs issued in 2011. On the other hand, Sri Lanka's import from India in 2012, which is US \$ 3,517 indicates a decline of 19% when compared to US \$ 4,350 million in 2011.

3.2 Comprehensive Economic Partnership Agreement (CEPA) with India

Sri Lanka is in the process of negotiating Comprehensive Economic Partnership Agreement (CEPA) with India in order to strengthen the present bilateral economic relations. The formal discussions on the proposed arrangement have not taken place since the conclusion of third round of Trade Negotiating Committee meeting held in July 2008. By 2008, the two governments, after conducting 13 rounds of negotiations, had finalized most of the draft text for the proposed CEPA. However, the CEPA negotiations came to a halt in 2008 due to the concerns expressed by

some private sector stakeholder in Sri Lanka on the possible adverse effects of CEPA, in particular liberalization of services.

Later in February 2011, an Inter-Agency-Committee (IAC) was established with the approval of the Cabinet to look into the matters pertaining to the proposed Agreement with India and prepare a draft text. After several rounds of discussions, the IAC finalized revision of all chapters of the CEPA agreement, except the Chapter on Investment.

Relevant officials of the Board of Investment of Sri Lanka (BOISL) and its Indian counterpart, namely, the Department of Industrial Policy and Promotion, met in Colombo on 16th and 17th of July 2012, to have some preliminary discussions on the new draft of the Investment Chapter produced by India. BOISL has submitted to DOC its view but CEPA negotiations has not progress since then as the approval has not been given to go ahead with CEPA negotiations. Although CEPA has not progress beyond this, Sri Lanka and India through Joint commission and recently concluded commerce secretary level meeting has agreed for the following initiatives in order to take trade, technical cooperation, tourism, development cooperation and investments in to new heights.

1. Expansion of bilateral trade to US\$ 10billion over a period of 3 years while focusing on reducing the trade deficit
2. Revision of the current MoU on cooperation in the field of tourism to better reflect the current status and future interests.
3. The bilateral agreement on customs cooperation
4. The agreement on Avoidance of Double Taxation in order to increase two way investments
5. MoU in the field of textiles, handloom and SMEs.
6. Mutual Recognition Agreement on Standards in order to remove NTBs and expansion of trade.

3.3 Sri Lanka –Pakistan Free Trade Agreement (PSFTA)

A significant improvement in trade between Sri Lanka and Pakistan has been recorded since the Pakistan Sri Lanka Free Trade Agreement (PSFTA) came into force on 12th June 2005. The value of total trade between the two countries, which stood at US \$ 147 million in 2004, has increased to US \$ 410.5 million in 2011. Sri Lanka's export to Pakistan which was at US \$ 39 million in 2004 has increased to US \$ 71 million in 2008. However, Sri Lanka's exports to Pakistan declined by 23 percent to US \$ 55 million in 2009 mainly due to decline in export of desiccated coconut and global slowdown. Sri Lanka's exports to Pakistan are again getting its momentum and have increased to US\$ 82.75 million in 2012 showing a growth of 10

percent. Pakistan is the second largest trading partner of Sri Lanka in the SAARC region after India.

Sri Lanka's main exports to Pakistan include natural rubber, copra, tea, coconut, spices, betel leaves. A range of new products have also penetrated into the Pakistan market after the implementation of the PSFTA and these new products include items such as garments, MDF boards, biscuits, fresh pineapple, garments, sports goods, tamarind with seeds, edible oil, porcelain tableware & kitchenware, ceramic tiles, furniture, paints, glass paintings, leather products, frozen fish, prawns, lobsters, crabs, cut flowers and foliage, gems & jewellery and aquarium fish.

3.4 Trade and Investment Framework Agreement (TIFA) between Sri Lanka and the USA

Signed in 2002, TIFA provides a useful institutional arrangement for promoting closer trade and economical co-operation between the two countries. It facilitates regular contacts among high level, trade officials, where the respective authorities could identify and address any barriers, which hamper trade between two countries.

In the context of the TIFA, Sri Lanka primarily aims at **(a)** securing enhanced market access for its exports, in particular apparel, through either any special trade preferences or the US GSP facility with additional flexibilities in regard to product coverage and rules of origin etc. and **(b)** pursuing US cooperation in areas, such as intellectual property rights, trade facilitation, trade capacity building & branding of Ceylon Cinnamon, energy management for export oriented coconut based industries, awareness creation on the US Food and Drug Administration (FDA) labeling requirements, capacity building in lawyers, administrators in the area of commercial arbitration, government procurement, customs corporation and commercial issues and the investment climate of Sri Lanka.

The 10th meeting of the Joint Council under the United TIFA was held on 27th February 2012 in Sri Lanka on the sidelines of the Expo Sri Lanka 2012. The Sri Lankan delegation was led by Secretary, Industry and Commerce and the US delegation was led by Assistant US Trade Representative for Central and South Asia.

In addition to the official delegation, the Sri Lank embassy in Washington also organized a private sector delegation comprising of leading business men from USA to the Expo Sri Lanka 2012.

In addition to the above mentioned points the USA side has expressed their willingness in supporting the government of Sri Lanka in Women empowerment and women's contribution in economic development in Sri Lanka's. Deputy

Assistant USTR for south and Central Asian Affairs, met with the Women's Chamber of Commerce and had a meeting with the membership to discuss and collect further information on how that the US side could contribute in empowering Sri Lanka women entrepreneurs for the economic development of Sri Lanka. While recognizing the contribution made by the Women's Chamber to the Sri Lankan women entrepreneurs, the US side requested the chamber to keep contact dialog with the US side for their corporation.

The USA delegation conducted an awareness creation seminar on the US GSP program for the benefit of Sri Lankan entrepreneurs, particularly those who export to the US market. At present, Sri Lanka's exports about US \$ 150 million worth of goods to the US under GSP benefits, and the enter the US market at zero duty.

3.4.1 Closer of the US GSP country Practice petition on Sri Lanka's Worker rights.

The American Federation of Labour and Congress of Industrial Organizations (AFL CIO) the largest federation of labour unions in the United States of America (USA) had filed a country practice petition with the Office of the United States Trade Representatives (USTR) in December 2009, urging US government to suspend GSP benefits for Sri Lankan exports on account of certain alleged labour rights violations in Sri Lanka. The US GSP Sub – Committee, which was chaired by the officer in charge of the US GSP Programme at the USTR Office consisted of senior officials from the US Departments of Labour, Commerce, States and Agriculture, the US Treasury, the US AID etc, and had decided to conduct a review of the above petition before drawing a conclusion on the allegation made by the AFL CIO.

The review process included Public Hearings, Post hearing comments by interested parties, verification visits by US Sub Committee official etc.

During the review process, Sri Lanka made a comprehensive pre hearing submission on 10th January 2012, before the second Public Hearing on the AFL CIO Petition Review which was held in Washington DC on 24th January 2012. The Post hearing comments on the same was made to the USTRA office by the Government of Sri Lanka on 23rd February 2012.

As a result of Sri Lankan government's noteworthy and continuous efforts over the past few years in addressing the worker rights issues outlined in the US GSP petition, on the 29th June 2012 office of the USTR announced the official closure of US GSP worker rights review of Sri Lanka enabling Sri Lanka to continue the of US GSP benefits.

4.0 Joint Commissions on Trade, Economic & Technical Cooperation

The Department of Commerce is responsible for coordination of trade related issues under the following Bilateral Joint- Commissions/ Committees, chaired at the ministerial level.

- Sri Lanka – Bangladesh
- Sri Lanka – Egypt
- Sri Lanka – Iran
- Sri Lanka – Maldives
- Sri Lanka – Iraq
- Sri Lanka - China
- Sri Lanka - India
- Sri Lanka - Kuwait
- Sri Lanka - Pakistan
- Sri Lanka - Thailand

4.1 4th Session of Bangladesh – Sri Lanka Joint Commission on Economic Cooperation

The 4th Session of Bangladesh – Sri Lanka Joint Commission on Economic Cooperation was held from 7 – 8 March, 2012 in Dhaka, Bangladesh nearly two decades after the 3rd Session was held in Sri Lanka in 1993.

The Bangladesh delegation was led by Hon. Abul Maal Abdul Muhith, Minister of Finance of Bangladesh while the Sri Lanka delegation was led by Hon. Rishad Bathiudeen, Minister of Industry and Commerce. The meeting discussed opportunities as well as barriers to bilateral trade and economic relations and agreed to intensify further consultations in these areas in order to boost bilateral trade volume and investment to and from each other. The both sides expressed their commitment to speed up the intra-SAARC trade to explore the potentials of the two countries.

4.2 Establishment Of An Intergovernmental Joint Commission On Trade And Economic Cooperation Between Sri Lanka And Ukraine

The delegations of Sri Lanka and Ukraine met in Colombo 22 May 2012 for detailed discussions on the draft agreement between the Governments of Sri Lanka and Ukraine on the establishment of an intergovernmental Joint Commission on Trade and Economic Cooperation. The Sri Lanka delegation was headed by the Director General of Commerce and the delegation of the Ukraine was headed by the Head of the Division for Legal Assistance for Foreign Economic Policy, Ministry of Economic Development and Trade of Ukraine.

The negotiations were conducted in an open, cordial and constructive atmosphere on the basis of the draft consolidated agreement on which a consensus was reached at the end of negotiations.

5.0 Multilateral Trade Relations.

Sri Lanka's multilateral trade relations primarily focus on the World Trade Organization (WTO) Agreements. Sri Lanka also maintains a closer interaction with several other multilateral bodies including, the United Nations Conference on Trade and Development (UNCTAD), the World Intellectual Property Organisation (WIPO), the International Trade Center (ITC) and the Advisory Center for WTO Law (ACWL)..

5.1 The World Trade Organization (WTO)

Overall, negotiations under the Doha Development Round of trade negotiations under the WTO remained slow in 2012, with no real progress in the negotiations. However, Members did emphasize the need to conclude this Round of negotiations and agreed to re-engage in 2013, with a view to concluding modalities on a few critical areas by the 9th WTO Ministerial Conference scheduled for December 2013.

As a result, the various negotiating groups increased engagement in trying to resolve the outstanding issues in agriculture, NAMA, TRIPS, Services, and Rules, while work on the draft Agreement on Trade Facilitation continued.

The Russian Federation formally joined the WTO in August 2012; other new Members included Samoa, Montenegro and Vanuatu. Laos and Tajikistan moved towards concluding their negotiations, with a view to finally acceding in 2013.

Sri Lanka continued its engagement in the negotiations of the Doha Development Round in the WTO. As a small and vulnerable economy (SVE), Sri Lanka attaches a special emphasis on a number of priority areas, including agriculture, non-agricultural market access (NAMA), intellectual property and trade facilitation.

In agriculture, Sri Lanka's focus remains on flexibilities for SVEs, and Net-Food Importing Developing Countries (NFIDC). These flexibilities will include undertaking lesser commitments in market access, mechanisms for protecting domestic agriculture against import surges, and exemption from reduction commitments in domestic support.

In NAMA, Sri Lanka's focus remained on achieving improved market access through reduction of high tariffs in key markets for its main exports, particularly garments and fisheries. In addition, Sri Lanka continues to remain exempted from tariff reduction commitments.

In the area of IPR, Sri Lanka engaged in negotiations to secure increased protection for geographical indications and traditional knowledge.

Sri Lanka also continued to negotiate on a new Agreement on Trade Facilitation, aimed at harmonizing trade facilitation procedures and regulations.

In other areas of the negotiations, Sri Lanka continued to monitor and review all modalities to ensure that Sri Lanka's interests as an SVE were protected.

5.2 Global System of Trade Preferences (GSTP)

The Agreement on the GSTP among developing countries was established in 1989. Global System of Trade Preferences is a tariff preferential scheme negotiated under the aegis of the United Nations Conference on Trade and Development (UNCTAD) with a view to increasing South – South Trade and Economic Cooperation.

Sri Lanka participated in negotiations in the third round of the GSTP. In particular, Sri Lanka engaged in negotiations in advancing Sri Lanka's interests in the rules of origin negotiations in the third round. Sri Lanka's position had been that the domestic value addition should be lowered for the GSTP Arrangement to be better utilized by those countries who do not have sufficient natural resources or industrial base to fully achieve the 50% domestic value addition. The final modalities did not fully address Sri Lanka's concerns.

6.0 Regional Economic Cooperation

Sri Lanka continued to be a key player in its regional trade and economic arrangements namely APTA, SAPTA, BIMSTEC and IOR-ARC.

6.1 Asia-Pacific Trade Agreement (APTA)

Sri Lanka continued to increase its exports under the APTA, particularly to China and Korea. Sri Lanka's exports to China under APTA in 2012 amounted around US\$37 million, with the majority of exports being coir fibre. Other products included tea, fish, and apparel.

Sri Lanka's exports to Korea under APTA increased to almost US\$20 million, up from US\$17 million in 2011. Exports to Korea were more diverse than to China, with increase in exports of value added products such as apparel, rubber products, porcelain, as well as tea.

Members continued discussions on the implementation of the 4th Round of negotiations, which was delayed when India informed that it could not meet the original modalities for the Round, i.e. providing an average of 40% margin of preference (MOP) on 40% of tariff lines. At the 39th Session of the Standing Committee of APTA, Members agreed, in order to conclude the 4th Round with full participation, to allow China and Korea to revise their offered concession lists to meet the lower threshold set by India's final offer. As Sri Lanka and the LDCs were not required to meet the original 40-40 modalities, they were not required to undertake any revision of their offer lists.

In addition, Members discussed other areas of cooperation including expanding rules of origin to assist countries to better utilize the Agreement, as well as a proposed Framework Agreement on Non-Tariff Measures. Negotiations continued on the accession of Mongolia to the APTA.

6.2 South Asian Free Trade Area (SAFTA)

The Agreement on South Asian Free Trade Area (SAFTA) was signed in January 2004 during the 12th SAARC Summit held in Islamabad, Pakistan and entered in to force on 1st of January 2006. The preliminary substantive work towards finalization of SAFTA was entrusted with the Committee of Experts (COE), which was established drawing expertise from the member states.

SAFTA aims at further enhancing the programme of regional economic integration through promotion of preferential trade, which commenced with the establishment of South Asian Preferential Trading Arrangement (SAPTA) in 1995.

Sri Lanka has exported US\$ 229,408.00 worth of goods to Bangladesh, India, Maldives, Nepal and Pakistan under the SAFTA during January to June 2012. Products are desiccated coconut, coconut powder, copra, coconut oil, pepper, ceramic products, and synthetic monofilament; recycle paper products, coir fibre, wooden furniture, coated calcium carbonate, and knitted fabric and floor tiles. Sri Lanka's exports to the SAARC member States from July 2007 to June 2012 are accounting to US\$ 1,289,200.20.

The reduction of sensitive list by 20% by each Member State is also negotiated and finalized by all member states except Sri Lanka. Sri Lanka is still in the process of finalizing the 20% reduction in this regard.

The following meetings were held during the first half of 2012.

1. Seventh Meeting of SAFTA Committee of Experts (SCOE), 14th – 15th February 2012.
2. Sixth Meeting on SAFTA Ministerial Council, 16th February 2012.
3. First meeting of working group on reduction in the sensitive lists under SAARC Free Trade Area (SAFTA) (Phase III), 18th June 2012, Kathmandu, Nepal.

The above meetings discussed the following issues.

- Actions to be taken to early implementation of SAFTA Phase II under the trade liberalization programme.
- Conducting of a special Committee of Experts meeting to discuss the Non – Tariff measures and Para-Tariff measures with a view to minimize them.
- Modalities to further reduction of the Sensitive List under the proposed Phase III.

6.3 SAARC Agreement on Trade in Services (SATIS)

The SAARC Framework Agreement on Trade in Services was signed on April 2010. Member countries have initiated the process of finalizing the schedule of commitments under the agreement. The progress is as follows.

- Sri Lanka has already forwarded her Initial Conditional Offer, based on the initial offers tabled under the Doha Development Agenda (DDA).

- Sri Lanka has already forwarded her Request Lists to the member countries and has far received Request Lists from Bangladesh, Bhutan, India, and Nepal.

The following meetings were held during 2012 and primarily focused on bilateral discussions and the setting of timelines for finalizing of schedules of commitments.

1. Eighth Meeting of the Expert Group on SAARC Agreement on Trade in Services (SATIS), 17th – 18th January 2012, Kathmandu, Nepal.
2. Ninth Meeting of Expert Group on SAARC Agreement on Trade in Services, 13th February 2012.
3. Tenth Meeting of Expert Group on SAARC Agreement on Trade in Services (SATIS), 19th – 20th June 2012, Kathmandu, Nepal.

7.0 Trade, Investment and Tourism Promotion

7.1 Trade Promotion

International trade promotion is one of the main functions of the Department. The activities undertaken under trade promotion involved providing market intelligence to exporters, addressing issues related to market barriers, educating exporters on product adaptation to the markets needs, introduction of buyers, facilitating trade fair participation and business networking with trade chambers both in Sri Lanka and abroad. The Department has also taken steps to introduce Sri Lankan companies to the international market through the Sri Lanka Missions overseas under the “Public - Private Partnership Programme” which falls in line with the concept of “Mahinda Chinthana”. These activities are coordinated through trade officers stationed abroad.

Some of the main activities coordinated / organized by the Department in this context, in the collaboration of the Trade Officers, during the period under review included the following;

- **Sri Lanka Expo 2012**

Trade Officers abroad played a major role in promoting Expo 2012 in respective countries to attract foreign buyers/visitors to the Expo 2012 which was held in Colombo in March, 2012. Trade Officers in collaboration with the Sri Lank Export Development Board organized various programmes to give a wide publicity in the respective markets inviting foreign importers, investors etc to visit the Expo 2012. The expected number of foreign visitors to the Expo 2012 was 1000. However, the number of foreign visitors to the event exceeded the expected number due to successful promotional campaigns carried out by the Trade Officers in respective countries.

- **DoC Stall at Dayata Kirula National Development Exhibition - 2012**

The Department participated at “Dayata Kirula 2012” national development exhibition which was held in Oyamaduwa, Anuradhapura. Informative booklet was distributed at the Department’s exhibition stall to educate the public, students and exporters on the activities and the services provided by the Department.

- **Business meetings with visiting Seychelles business delegation**

H. E. James Alix Michel, the President of Seychelles accompanied by business delegation, paid a state visit to Sri Lanka from 20 – 23 Aug. 2012. On this occasion, the Department of Commerce arranged a breakfast meeting for the visiting business delegation, with the objective of facilitating an exchange of views on areas of commercial and economic interests that are of mutual benefit to Sri Lanka and Seychelles. The programme included country presentations and individual presentations by several reputed private sector entities in Sri Lanka, who have business interest in Seychelles.

- **Business meetings with visiting Swaziland business delegation**

His Majesty the King of Swaziland accompanied by an official delegation arrived in Sri Lanka on 13th August 2012 for a 3 day official visit on an invitation extended by His Excellency the President of Sri Lanka. The main objective of this visit was to enhance the bilateral co-operation between the two countries.

During the visit the Department of Commerce organized an interactive session with the visiting delegation of Swaziland and Government officials, private sector companies and the trade chambers of Sri Lanka. The session was held at the conference room of the Ministry of External Affairs on 14th August 2012.

- **Educational Programme for officers of the Investor Services Department – BOI**

An educational programme for the officers of the Investor Services Department of the Board of Investment was conducted by the Department of Commerce with a view to enhance the knowledge of BOI officials on following areas.

- Preferential Trade Agreements presently applicable to Sri Lanka
- Rules of Origin Criteria
- Formalities for preparation of cost statements applicable to issue of Certificates of Origin
- Issue of GSP certificates.

- **DOC Presentation at the Workshops for Minor Export Crops Exporters**

During the year, the Department contributed to a series of awareness programmes and workshops organized by the Ministry of Minor Export Crop Promotion with the objective of creating awareness among regional exporters

regarding the new market opportunities in the international market for spices.

The workshops were held in Kandy, Ratnapura and Kalutara and the Department of Commerce officers actively involved in making presentations and providing necessary information to the exporters on new markets trends in spice markets.

- **Buying mission by TESCO Plc**

The Department coordinated the buying visit of British multinational grocery and general merchandise retailer **Tesco plc** to Sri Lanka from 4 – 7 December 2012. This visit was organized by the commercial section of the Sri Lanka High Commission in London, UK. 22 Sri Lankan exporting companies had meetings with Tesco during this visit. Tesco has informed that they have shortlisted 5 Sri Lankan companies at the initial stage and they are further processing and evaluating the companies as per the Tesco supplier guidelines. Tesco has carried out initial factory audit on following companies in May 2013.

- M/S Metric Products (Pvt) Ltd – (Products: iPad Sleeves, iPhone Sleeves, Microsoft Surface RT Sleeves, 7" e-reader Sleeves, 10" Tablet Sleeves, Ultra Book Sleeves, iPad cases, Laptop bags)
- M/S Lanka Balloons Holdings (Pvt) Ltd – (Product: Natural Latex Balloons)
- M/S Lanka Brush Exports (PVT) Ltd – (Products: Brushes & Brooms Tufted with Coco Fibre ,PVC & Palmyrah, Rubber squeegees)

- **Awareness Creation Seminar on U.S. GSP Program**

On the occasion of the 10th meeting of the US-Sri Lanka TIFA Joint Council, the Department of Commerce and the EDB organized an awareness creation seminar on the U. S. GSP Program on 31st March 2012 at the BMICH. Deputy Asst. USTR, Ms. Mara Burr conducted the seminar for the benefit of the Sri Lanka business community. Over 100 business executives attended the event.

- **Meeting between US Delegation and Women's Chamber of Commerce of Sri Lanka**

Following the TIFA talks, the Department also facilitated a meeting between the visiting US delegation and the Women's Chamber of Commerce of Sri Lanka for the purpose of identifying ways and means for promotion of technical cooperation between the US and women entrepreneurs in Sri Lanka. The meeting was held at the Department of Commerce on 29th March 2012 with the participation of about 20 members of the Women's Chamber. At the discussions, the US side was led by the Deputy Asst. UTSR, Ms. Mara Burr.

7.2 Promotion of Tourism

Tourism was one of the areas, which gained immediate attention after the defeat of terrorism in the country. Recognizing the enormous potential in the tourism sector, the Trade Officers have organized various promotional programmes in foreign countries with the support of the Sri Lanka Tourism Promotion Bureau and Sri Lankan Airlines to promote Sri Lanka as an attractive tourist destination. The main strategies adopted by the Trade Officers to promote Sri Lanka as a tourist destination include; arranging special forums and conferences, visits by tourist groups, organizing Sri Lanka promotion events, participation at international tourism fairs, arranging Media delegations to Sri Lanka, setting up tourism promotion councils, providing publicity through electronic and print media in the host country.

7.3 Promotion of Foreign Direct Investment (FDI)

Trade Officers stationed abroad continued to play a major role in attracting foreign direct investments into the country. During the period under review, the Trade Officers had met with potential investors in their respective markets more than 100 foreign companies and individuals identified as potential investors and briefed them on investment opportunities available in the island. Some of these parties have already visited Sri Lanka to study the possibilities of setting up factories.

7.4 Trade Inquiries and Commercial Disputes

The Department and its Trade Officers played a vital role in servicing trade inquiries during the period under review. Received inquiries were serviced by providing information on potential buyers and arranging matching contacts through Trade Chambers and the SLEDB. Similarly, Commercial disputes are mediated by the DoC for amicable settlements between exporters and importers.

7.5 Recommendation for Residence Visas

The Director General of Commerce, on behalf of the Secretary/Industry & Commerce issues recommendation letters to the Controller, Immigration and Emigration for issuance of residence visas for foreigners who are employed by the companies/business establishments based in Sri Lanka. In discharging this duty, the Department paid extra attention to ensure that the visas recommended were genuine and supported towards the national development as well as human resource development.

In 2012, the Department had issued 211 residence visa recommendations for various nationalities consisting of 83 Indians, 39 British, 21 Pakistanis, 18 Japanese, and other nationalities of Austrian, Australians, Belgians, French, Germans, Koreans, Russians, and South Africans.

7.6 Approval of Credit Agencies under the Mortgage Act. No. 6 of 1949

Under the Mortgage Act No. 6 of 1949, Director General of Commerce is empowered to declare any company, 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.

8.0 Issuance of Certificates of Origin (COOs)

The DoC issues Certificate of Origin for Sri Lankan products exported under the following preferential arrangements and Regional/bilateral and free trade agreements.

- 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)

The Department of Commerce certifies about 600 Certificates of Origin (COOs) a day under the above preferential arrangements, regional agreements and bilateral agreements.

A team of highly motivated officers, who are assigned fulltime to the COO Division, are available for consultation and further clarifications at any time during office hours without prior appointments. On the average 25 consultations are carried out daily by the designated officials.

A comparative table depicting number of COOs issued under the respective agreements in 2011 and 2012 is given at **Appendix -1**.

Appendix - 1

Certificate of Origins issued by the Department of Commerce under Preferential Trading Agreements for the period of 2011 & 2012

No.	Country	2011		2012	
		No. of COO's	%	No. of COO's	%
	Under GSP				
1	Austria	330	0.25	342	0.30
2	Belgium	5,832	4.46	5376	4.72
3	Bulgaria	80	0.06	62	0.05
4	Cyprus	873	0.67	616	0.54
5	Czech Republic	374	0.29	784	0.69
6	Denmark	916	0.7	784	0.69
7	Estonia	90	0.07	73	0.06
8	Finland	350	0.27	297	0.26
9	France	6,914	5.29	5226	4.59
10	Germany	15,204	11.62	9456	8.30
11	Greece	212	0.16	143	0.13
12	Hungary	134	0.1	136	0.12
13	Ireland	481	0.37	522	0.46
14	Italy	7,512	5.74	4960	4.36
15	Latvia	190	0.15	170	0.15
16	Lithuania	84	0.06	130	0.11
17	Luxembourg	0	0	3	0.00
18	Malta	19	0.01	17	0.01
19	Netherlands	5,678	4.34	5089	4.47
20	Poland	867	0.66	825	0.72
21	Portugal	156	0.12	159	0.14
22	Rumania	49	0.04	59	0.05
23	Slovakia	2,004	1.53	1193	1.05
24	Slovenia	69	0.05	59	0.05
25	Spain	1,663	1.27	1301	1.14
26	Sweden	2,940	2.25	1366	1.20
27	U.K.	43,652	33.37	38825	34.09
28	EEC	1,317	1.01	0	0.00
29	Australia	583	0.45	696	0.61
30	Canada	660	0.5	1162	1.02
31	Japan	3,254	2.49	3325	2.92

32	New Zealand	155	0.12	160	0.14
33	Norway	419	0.32	612	0.54
34	Russian Federation	3,610	2.76	3519	3.09
35	Switzerland	990	0.76	1075	0.94
36	Turkey	1,996	1.53	914	0.80
37	U.S.A.	2,196	1.68	2319	2.04
38	Belarus	96	0.07	103	0.09
39	CIS	871	0.67	1009	0.89
	Under APTA				
40	Bangladesh	6	0	1	0.00
41	China	1,354	1.04	1770	1.55
42	India	182	0.14	72	0.06
43	Korea	364	0.28	938	0.82
	Under SAFTA				
44	SAFTA-India	9	0.01	7	0.01
45	SAFTA-Ban	8	0.01	4	0.00
	SAFTA-Maldives	0		5	0.00
	SAFTA-Pak	0		8	0.01
	SAFTA-Nepal	0		2	0.00
	Under SAPTA				
48	Bangladesh	0	0	1	0.00
49	Bhutan	0	0	0	0.00
50	India	205	0.16	240	0.21
51	Maldives	0	0	2	0.00
52	Nepal	1	0	0	0.00
53	Pakistan	33	0.03	10	0.01
	Under GSTP				
54	Peru	73	0.06	99	0.09
55	Mexico	26	0.02	35	0.03
56	Chile	0	0	1	0.00
57	Brazil	0	0	1	0.00
58	Iran	0	0	0	0.00
	Under Bilateral FTAs				
59	ISFTA	10,373	7.93	9742	8.55
60	PSFTA	5,219	3.99	8057	7.07
61	GSP-India (Regional Cumulation)	0		24	0.02
	Total COOs	130,814	100	113886	100.00

Staff Movements – 2012

Name of the Officer	Movement	Date
Mr. P.D. Fernando Director General of Commerce	Assumed duties as the Director General of Commerce	2012.01.02
Mr. P.M.B. Somasiri Director of Commerce	Promoted as Director of Commerce	2012.01.02
Ms. L.P. Peiris Assistant Director of Commerce	Promoted as Deputy Director of Commerce	2012.01.01
Mr. M. Somasena Assistant Director of Commerce	Promoted as Deputy Director of Commerce	2012.01.01
Mr. P.A.S. Ponnampereuma Assistant Director of Commerce	Promoted as Deputy Director of Commerce	2012.01.01
Mr. S.P.K. Wijesekera Assistant Director of Commerce	Promoted as Deputy Director of Commerce	2012.01.01
Mr. D.D. Premaratne Assistant Director of Commerce	Promoted as Deputy Director of Commerce	2012.01.01
Mr. C.D. Yattogoda Assistant Director of Commerce	Promoted as Deputy Director of Commerce	2012.01.01
Transfers		
Mr. P.D. Fernando Director of Commerce	Returned to the Department after completion of tenure as Consul General of Sri Lanka in Sydney, Australia	2012.01.02
Mr. S.B. Godawita Deputy Director of Commerce	Returned to the Department after completion of tenure as Consul (Commercial) at Sri Lanka Consulate in Los Angeles, USA	2012.01.18
Ms. J.N. Kumara Assistant Director of Commerce	Returned to the Department after completion of tenure as First Secretary (Commercial) in Sri Lanka High Commission in London	2012.09.03
Mr. B.G.P. Jayakody Assistant Director of Commerce	Posted to the Sri Lanka Embassy in Egypt as First Secretary (Commercial)	2012.11.28

கிரீசு அமைதி லபப் இல /Head No:295
அமைச்சு/தொழில்நுட்பத்துறை:- வர்த்தகத்துறை
அமைச்சு/தொழில்நுட்பத்துறை:- வர்த்தகத்துறை
Ministry/Department:-Department of Commerce

පුනරාවර්තන වියදම්/மண வ ர ம சலவு/Recurrent Expenditure

විස්තරය வ வரணம் Description	2011 සහ වියදම් Actual Rs.	2012 අනුමාන ඇස්තමේන්තුව Actual Rs.	2012 සංශෝධිත ඇස්තමේන්තුව Revised Estimate Rs.	2012 සහ වියදම් Actual Rs.	ඉතිරිය Savings Rs.
පෞද්ගලික පඩිනඩි ஆளகரய வதுன தகன Personal Emoluments	24922000	31275000	31275000	26823235	4451765
වෙනත් ஏ னாயவகன Other	50499000	58030000	58030000	54490223	3539777
මුළු වියදම් ප්‍රකාශිත එකතුව/ ம த்தம்/Total	50499000	89305000	89305000	81313458	7991542

**இருபது விடீர்டி
மூலதனச், செலவு
Capital Expenditure**

விடீர்டி செலவு விவரம் /	('000) செலவு உண்மை Actual (2011)	('000) அனுமதி அதிகமதிப்பீடு Estimate (2012)	('000) சீர்திருத்த அதிகமதிப்பீடு மூலதனச் செய்யப்பட்ட மதிப்பீடு Revised Estimate (2012)	('000) செலவு உண்மை Actual (2012)	ஒதுக்க சேமிப்பு Savings
<u>இருபது விடீர்டி மூலதனச் செலவுகள்</u> <u>Rehabilitation and</u> <u>Improvement of Capital Assets</u>					
மதுரை மதுகலாசாலை (2002) பொறித்தொகுதியும் இயந்திர வகையும் உபகரணமும் Plant Machinery & Equipment	328	580	580	433	147
வாகனங்கள் (2003) Vehicles	110	400	400	299	101
	218	180	180	134	46
<u>இருபது விடீர்டி மூலதனச் செலவுகள்</u> <u>Acquisition of Capital Assets</u>					
வாகனங்கள் Vehicles	610	900	900	828	72
பி.சி.சி. மதுகலாசாலை (2002) தளபாட காரியாலய உபகரணம் Furniture & Office Equipment	373	400	850	780	70
மதுகலாசாலை (2103) இயந்திர வகை Machinery	237	500	50	48	2
<u>மதுகலாசாலை மதுகலாசாலை</u> <u>Capacity Building</u>					
மதுகலாசாலை மதுகலாசாலை (2401) பயிற்சியும்மதுகலாசாலை கட்டுமானமும் Training & Capacity Building	495	500	500	322	178
	495	500	500	322	178
<u>மதுகலாசாலை மதுகலாசாலை</u> <u>Other Capital</u>					
மதுகலாசாலை மதுகலாசாலை (2502) வார்த்தை விருத்தி செயற்பாடுகள் Trade Promotion Activities	3523	7000	7000	5420	1580
	3523	7000	7000	5420	1580
மதுகலாசாலை/மதுகலாசாலை /Total	4956	8980	8172	7003	1169