

PERFORMANCE REPORT AND ANNUAL ACCOUNTS

FOR THE YEAR 2013

**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 DOC include activities relating to both trade policy and promotion. Summarized below are the broad areas of work so undertaken by the DOC.

- 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 DOC 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 2013 work program, inter-alia, has focused on further strengthening the existing trade ties, finding new markets, promotion of new 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 DOC also extended necessary guidance and assistance toward promotion of foreign direct and portfolio investment and Sri Lanka tourism as well.

2.0 Review of Sri Lanka's Foreign Trade 2013

2.1 Export & Import Performance

As per the Sri Lanka Customs data, Sri Lanka's total export earnings during the year 2013 increased to US \$ 10,009 million from US \$ 9,181 million in 2012, registering an increase of 9.0%. Earnings from both industrial sector and agricultural sector exports recorded increase of 6.5%. Bulk of agricultural exports included tea accounting for US \$ 1,542 Million registering 9.2 % increase, while earnings from rubber exports recorded a decrease of 43.2% compared to the year 2012.

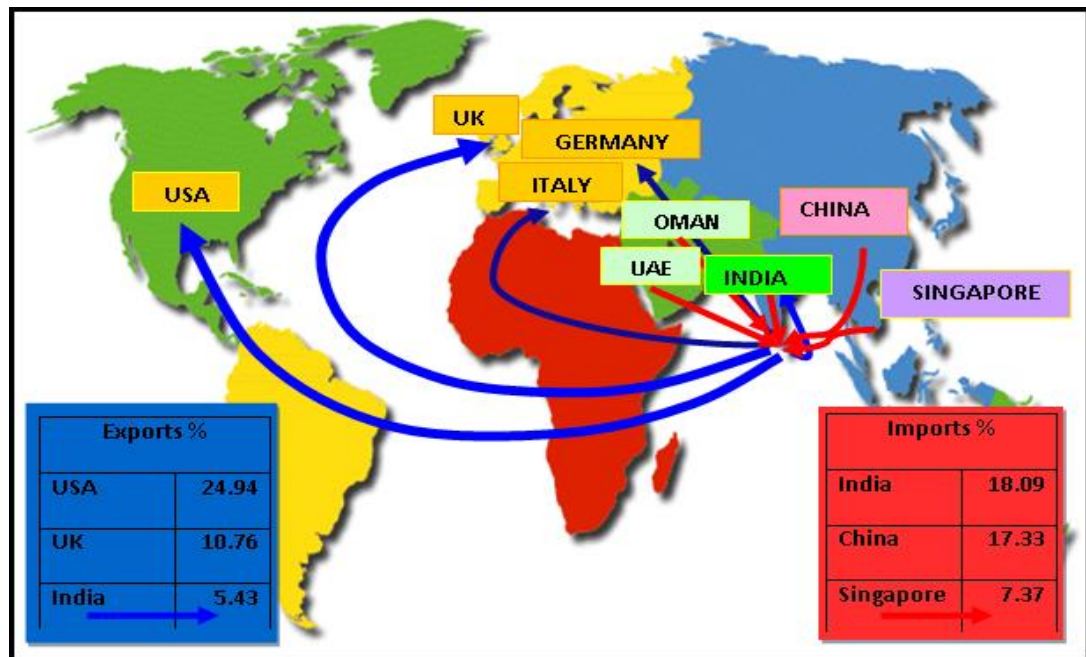
2013 exports of industrial products, which stood at US \$ 7,749 million, indicated an increase of 5.1% over the last year. Accounting for as much as 43.4%, textile and apparel sector made the largest contribution to the total export earnings. Apparel exports increased from US \$ 3,991 million in 2012 to US \$ 4,508 million in 2013, recording a 12.95% growth. Rubber based products and gems, diamonds & jewellery are the second and third largest contributors to the industrial exports, respectively.

**Sri Lanka's Total Imports, Exports and Balance of Trade
2009 – 2013 (Value: US \$ Mn.)
(Table 01)**

Year	Exports	Growth %	Imports	Growth %	Total Trade	Balance of Trade
2009	7,118	- 13.0	9,767	- 28.0	16,885	-2,648
2010	8,294	16.5	12,340	26.4	20,634	-4,047
2011	10,018	20.8	19,703	59.7	29,721	-9,685
2012	9,181	-8.4	17,889	-9.2	27,069	-8,708
2013	10,009	9.0	17,098	-4.4	27,107	-7,088

Source: Sri Lanka Customs

DIRECTION OF EXTERNAL TRADE 2013



3.0 Bilateral Trade and Economic Co-operation

In the year 2013, Sri Lanka placed a heavy emphasis on promotion of bilateral trade and economic cooperation with its major trading partners as well as the other countries that emerged to trade with Sri Lanka. Trade and economic relations with the USA, the EU, China, India, Pakistan, Japan, Russia and former Soviet Union countries, African and Middle East Region have become key in that respect. Sri Lanka attached an equal importance in advancing its commercial interests under the bilateral free trade agreements (FTA) signed with India and Pakistan and the proposed FTA with China during the period under review.

3.1. Indo-Sri Lanka Free Trade Agreement

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 become fully operational since November 2008 where Sri Lanka is eligible to export products falling under more than 4000 tariff lines to the Indian market on duty free basis.

In 2013, the value of total exports from Sri Lanka to India stood as 543.3 Million USD while value of total imports from India to Sri Lanka stood as 3092.6 Million USD registering 4% decrease in exports and 12% decrease in imports. Total trade between two countries in the same year recorded 3636.0 Million USD with 11% decrease as against that of the previous year resulting in an adverse trade balance of 2549.3 Million USD. In 2013 over 65% of total exports from Sri Lanka to India enjoyed the duty concessions under ISFTA and only 15% of total imports from India to Sri Lanka was with duty concessions of ISFTA, demonstrating the fact that a substantial quantity of Sri Lanka's imports from India is falling outside the ambit of concessions under ISFTA. This includes high-value items such as Automobiles and other merchandise including Petroleum products, Iron or Steel & its articles, Pharmaceuticals, Sugar and Cement. The DOC has issued a total of 11,088 Certificates of Origin (COOs) under the ISFTA in 2013. This record an increase of 13.8 % when compared to 9,743 COOs issued in 2012.

The Eight Session of the India- Sri Lanka Joint Commission was held on 22 January 2013 in Delhi, India. In this meeting both side agreed inter alia to set up a Joint Task Force to deepen trade and investment relations between two countries, working towards increasing Sri Lanka's export capacity and having intensive consultations towards forging a special economic partnership for comprehensive and sustained economic cooperation.

During the Commerce Secretary level meeting which was held from 24 to 25 June 2013 in Colombo, several outstanding matters under ISFTA were discussed and emphasized the importance of deepening trade between the two countries. India removed the condition of sourcing of fabric on remaining 5 million pieces of garment out of the total 8 million pieces of garment quota making the total quota duty free with no condition. Earlier the sourcing condition was applicable to 5 million of pieces of garments. The Indian side also informed that they have removed the restrictions imposed on import of processed meat and fruits from Sri Lanka.

The first meeting of India-Sri Lanka Joint Task Force (JTF) which was held on 24 June 2013, the two parties agreed to explore novel avenues with the objective of further expansion of bilateral trade and investment. In this meeting, JTF discussed the measures required to improve tourist arrivals as well.

In November 2013, Sri Lanka removed ten (10) items from its negative list under ISFTA through the budget for 2014, giving effect to the agreed commitments undertaken by Sri Lanka during the bilateral trade negotiations with India.

3.2. Sri Lanka –Pakistan Free Trade Agreement

A significant improvement in trade between Sri Lanka and Pakistan has been recorded with the implementation of the Pakistan Sri Lanka Free Trade Agreement (PSFTA) w.e.f. 12th June 2005. Pakistan is the second largest trading partner of Sri Lanka in the SAARC region preceded by India. Sri Lanka's main exports to Pakistan include Pepper, Vegetable products; Beedi leaves, Betel leaves, Coconut shell pieces, Natural rubber, Coconuts, cashew nuts, fresh or dried. A range of new products penetrated into the Pakistan market after the implementation of the PSFTA. 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.

The value of total trade between the two countries, which stood at US \$ 147 million in 2004, has increased to US \$ 462.12 million in 2013. Sri Lanka's export to Pakistan which was at US \$ 39 million in 2004 has increased to US \$ 83.05 million in 2013.

3.3. Proposed FTA with China and Sri Lanka

Trade relations between Sri Lanka and China span over a long history going back to several centuries. The period beginning from 1952 opened a new chapter in trade relations between the two countries, with the signing the rubber and rice pact. Subsequently, a Trade Agreement, of a general nature between the two countries providing MFN (Most Favoured Nation) treatment for products of exports and imports was signed. Agreement on Economic and Technical Co-operation between two countries, were signed in 1982 and 1984, respectively. The above two agreements were amalgamated into the Sri Lanka-China Joint Committee for Trade and Economic Cooperation in 1991 and its 01st Session was held in March 1992 in Colombo. At the 05th Session held on 24 April 2013 in Colombo, a number of key decisions to further strengthen the bilateral relations between China and Sri Lanka in the spheres of trade, economic cooperation and tourism were made. The landmark decision was to sign a Preferential Trading Agreement (PTA) between two countries.

Later a MOU on Trade and Economic Cooperation between the two countries was signed on 27th May 2013 during the state visit of His Excellency the President Mahinda Rajapaksa to China and agreed to establish a Joint Working Group on Trade to study "feasibility of China – Sri Lanka Free Trade Agreement and issues of expanding development of Sri Lanka's exports to China promoting

trade balance. Pursuant to a decision taken at a meeting held in October, 2013 both sides compiled joint feasibility study reports and subsequently a consolidated report was produced during the year, with a recommendation to sign a FTA between the two countries.

4.0 Joint Commissions on Trade, Economic & Technical Cooperation

DOC is the nodal agency in Sri Lanka for convening and coordination of the following Bilateral Joint- Commissions/ Committees.

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

4.1. 11th Session of Pakistan – Sri Lanka Joint Economic Commission

The 5th Technical level Meeting on the PSFTA was held on 28-29 April 2013, in Islamabad and the Secretary, Ministry of Industry and Commerce of Sri Lanka and the Secretary of Commerce of Pakistan were the leaders of the delegation.

During the above meeting, several outstanding matters under PSFTA were discussed and Sri Lanka was able to secure market access for five products such as Mosquito repellent coils, bottle cooling machines, crude coconut oil, further concessions of betel leaves and herbal cosmetic products. Further the Pakistani side had agreed to consider granting duty concessions for ginger beer and ceramic products exporting from Sri Lanka. During the discussion both sides had agreed to establish Joint Working Groups on Trade in Goods, Customs Corporation, Investment and auto sector to facilitate further negotiations. And also the 11th Session of the Sri Lanka – Pakistan Joint Economic Commission was held in Colombo, Sri Lanka on 27 – 28th November 2013 & the issues raised in the 5th Technical Level Meeting has been resolved.

4.2 Agreement between Sri Lanka and Belarus on Trade and Economic Cooperation

The Government of Belarus proposed to sign a Bilateral Trade and Economic Cooperation Agreement between Sri Lanka and Belarus, in order to further strengthen the trade and economic ties between the two countries. Accordingly,

the said Agreement was signed during the state visit of His Excellency the President of Sri Lanka to Belarus from 25th - 28th August 2013.

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

During the 9th Ministerial Conference of the WTO held December 2013 members adopted the "Bali Package", consisting of a number of decisions in the area of trade facilitation, agriculture, and development issues. The Bali Package marked the first trade package adopted by Members since the establishment of the WTO in 1995. In particular, the most important outcome was the successful conclusion and adoption of the Agreement on Trade Facilitation, a multilateral agreement aimed at achieving eventual harmonization and streamlining of Members' customs and border procedures, and which expands upon existing obligations on fees and regulations, transparency and freedom of transit. Sri Lanka engaged actively in the trade facilitation negotiations throughout, through Sri Lanka Customs and its Permanent Mission.

As part of the G33 group of countries, who are developing countries with special interests in agriculture, Sri Lanka also participated in negotiations moving towards increased policy space to protect and develop self-sustainability in agriculture. The Bali package also included decisions providing for food security in developing countries, including expansion of those agricultural services for which subsidies could be granted, and providing flexibility for assistance given in the context of public stockholding for food security purposes. Other decisions were adopted on Tariff Rate Quota Administration, Export Competition and Cotton.

In the area of development, Members adopted a Monitoring Mechanism on Special and Differential (S&D) Treatment, which would act as a focal point within the WTO to analyze and review all aspects of implementation of S&D provisions, and where the review identifies a problem, the Mechanism may make

recommendations, including, if necessary, for initiation of negotiations, to the relevant WTO body in charge of the technical substance.

Further decisions were also adopted on issues of interest to LDCs, including on simplified rules of origin for LDCs, Duty Free Quota Free access for LDCs, and a waiver allowing other WTO Members to offer more commitments in the area of services to LDC service suppliers.

5.2. GLOBAL SYSTEM OF TRADE PREFERENCES

The Agreement of Global System of Trade Preferences (GSTP) among developing countries was established in 1989. GSTP 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. Under this scheme Sri Lanka has exported US\$ 19.17 million worth of goods to Mexico and Peru during the year.

5.3. GENERALIZED SYSTEM OF PREFERENCE (GSP)

(a) EU GSP Scheme

EU Parliament has approved a new GSP Scheme on 13th June 2012 and came into effect **from 1st January 2014**. Sri Lanka continued to as a beneficiary of the general EU GSP concessions during the year 2013. Almost all major exports of Sri Lanka are eligible for EU GSP concessions which sharpens the price competitive edge of such products.

(b) Norway GSP+ Scheme

The Government of Norway has introduced a new GSP plus (GSP+) category for lower middle income countries with effect from 1st January 2013. The new GSP+ facility has been introduced to upgrade the present status of lower middle income countries with expansion and diversification. Sri Lanka is among the seventeen countries that are entitled to benefit under this facility while enjoying duty free access for all industrial products exporting to Norway including textile and apparel products under HS chapter 61, 62 and 63.

(c) US GSP Scheme

US GSP Programme expired on 31st July 2013 as the US Congress has not extended the said Scheme. The US GSP programme has expired 12 times in the past, since its inception on 1974. However the US importers would be able to claim GSP benefit by way of refunds on retroactive basis once the US Congress approves the GSP.

6.0 Regional Economic Cooperation

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

6.1 Asia-Pacific Trade Agreement

The Asia-Pacific Trade Agreement (APTA), formerly known as “Bangkok Agreement”, was signed on 2nd November 2005 and it came into force with effect from 1st of September 2006. The 41st and 42nd Sessions of the Standing Committee of APTA were held in June 2013 and November 2013, respectively. The bilateral negotiations between Mongolia and all Participating States of APTA were successfully concluded. As a result, Mongolia officially became a member of APTA in November 2013. Member States have decided to conclude the 04th Round Negotiations during the 04th Session of APTA Ministerial Council. The new commitments are expected to include longer lists of concessions as well as deeper margins of preferences.

Sri Lanka’s exports under APTA grew from US\$ 61.7 million in 2012 to US\$ 75.1 million in 2013 due to increased exports to China. Exports to Korea were at US\$ 17 million in 2013, showing no major gains compared to that of 2012. Sri Lanka’s exports to China under APTA in 2013 recorded US\$ 53.9 million, up from US\$ 36.2 million in 2012. Coir and coir products remained the largest item of exports, amounting to 42% of total exports, followed by tea (32%), apparel (17%), rubber and rubber products (3%) and activated carbon (2%). Sri Lanka’s export to Korea under APTA was at US\$17.1 million. While exports marked no change from 2012, the composition of exports to Korea remained more diverse than that of to China, with rubber and value added rubber products comprising 36% of the exports and apparel 32%, followed by coir and coir products (11%), activated carbon (10%), footwear (4%), tea (2%) and ceramic ware (2%). Exports to India under APTA totaled US\$ 5 million, with natural rubber accounting for US\$ 4.8 million.

6.2. South Asian Preferential Trading Arrangement

South Asian Preferential Trading Arrangement (SAPTA) was signed on 11th April 1993 and entered into force on 7th December 1995. The Agreement reflected the desire of the Member States to promote and sustain mutual trade and economic cooperation within the SAARC region through the exchange of concessions.

SAPTA was envisaged primarily as the first step towards the transition to a South Asian Free Trade Area (SAFTA) leading subsequently towards a Customs Union. Hence SAPTA is scheduled to gradually replace by South Asian Free Trade Area (SAFTA) in the future. Thus the usage of tariff preference under the SAPTA is reducing gradually. During 2013, Sri Lanka has exported approximately US\$ 2.2 Mn worth of goods to India, Nepal and Pakistan under SAPTA. The products exported to India under SAPTA are Resin Rubber Sheets, Vulcanized Rubber and a small quantity of Latex Bands. Coconut oil is the main product exported to Pakistan under this agreement. Other products exported to under SAPTA are natural raw rubber, waste & scrap paper.

6.3. South Asian Free Trade Area

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. 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.

The reduction of sensitive list by 20% by each Member State is also negotiated and finalized. Sri Lanka has implemented this commitment with effect from 21st November 2013.

Sri Lanka has exported US\$ 1.74 million worth of goods to India, Maldives and Nepal under the SAFTA during 2013. Main products exported to India are Hook & loop fasteners, Synthetic Monofilaments, Natural coir fibre, Graphite dispersions and Lubricating. Furniture products such as tables, desks & chairs have been exported to Maldives under this agreement. A minor amount of Bicycle tyres and Coated Calcium Carbonate have been exported to Nepal under SAFTA.

The following meetings under SAFTA were held during year 2013.

1. Second Meeting of the Working Group on Reduction of Sensitive Lists under SAFTA (Phase III), Kathmandu, 30th July 2013.
2. Special Meeting of the SAFTA Committee of Experts on Non-Tariff Measures and Para-Tariff Measures, Kathmandu, 31 July – 1 August 2013
3. Eighth Meeting of the SAFTA Committee of Experts, Colombo, 21– 22 August 2013

4. Seventh Meeting of the SAFTA Ministerial Council, Colombo, 23rd August 2013

The above meetings discussed the following issues.

- Progress in the implementation of issuance of signed revised sensitive lists under SAFTA (Phase II)
- Modalities and timeframe to be adopted for further reduction in the sensitive lists under SAFTA (Phase III)
- Examination of Notifications on Non-Tariff Measures / Para-Tariff Measures received from Member States and matters relating to Non-Tariff Measures / Para-Tariff Measures
- Matters relating to Intra-SAARC trade flows under SAFTA and outside SAFTA
- Matters relating to Super Regional Cumulation under the EU GSP, Institutionalization of Verification Mechanism under SAPTA and SAFTA, Dispute Settlement Mechanism of SAFTA and Trade Facilitation Programme
- Matters relating to the Administration and Implementation of the SAFTA Agreement

6.4. SAARC Agreement on Trade in Services

Leaders of the Member States, during the last 16th SAARC Summit held in April 2010 in Bhutan, signed the SAARC Framework Agreement on Trade in Services (SATIS). All countries have ratified this agreement and were in the process of finalizing the national schedules of commitments under the SATIS. India and Bhutan have already submitted their Schedules of Commitments. Sri Lanka is in the process of finalizing the same.

6.5. Indian Ocean Rim Association

Indian Ocean Rim Association (IORA) is a regional forum among countries of the Indian Ocean Rim which brings together tripartite, Government, Business and Academia, for promoting co-operation and closer interaction among them. Total exports to IORA countries are US\$ 1535.22 Mn., which is 15% of Sri Lanka's exports to the world. Total imports from IORA countries in 2013 are US\$ 8044.54Mn, which is equivalent to 47% of Sri Lanka's imports from the world. This registers a negative Trade Balance with the IORA region of US\$ 6509.32 Mn. Sri Lanka's total trade with IORA countries is US\$ 9579.76 Mn which is 35% of trade with world.

Hon. Rishard Bathiudeen, Minister of Industry and Commerce participated in the first IORA Ministerial-level Economic and Business Conference (EBC) accompanied by officials from the DOC and representatives of five Sri Lankan companies, held on 4th – 5th July 2013 in Mauritius. Also, IORA Economic and Business Conference was held on 4th -5th July 2013, in Mauritius. This is as a result of a decision taken at the 18th IORA Business Forum held in 2012. The objective of the Conference was to strengthen trade relations by bringing together policy planners of the government sector and the captains of the private sector in member countries, expansion of commercial cooperation through interaction among the private sector and mixing and matching of enterprises and products through B2B platforms

The 13th Council of Ministers Meeting of IORA was held from 30th October to 1st November 2013 in Perth, Australia. Sri Lanka expressed its interest and views to participate into a PTA among IORA member states in this meeting.

During the WGTT, a number of member countries presented their new project proposals and updates of the projects that have already been implemented. Sri Lanka expressed its support to the concept of introducing Business Travel card among IORA member countries. Sri Lanka also briefed member states on the “study on the institutional mechanisms for Promoting Intra- regional Trade and Investment in IORA member states” and requested proposed project of the establishment of a Centre for Indian Ocean Observation and Forecasting be funded through IORA special fund.

Sri Lanka also announced about “The Workshop on Heritage Management” for IORA Member States, which will be held in May 2014 in Sri Lanka. Sri Lanka expressed its interest and support for many projects of the member countries during meetings.

7.0 Trade, Investment and Tourism Promotion

7.1 OVERSEAS COMMERCIAL REPRESENTATION

DOC's Commercial Representation comprises of 25 officers in 23 Sri Lanka Missions abroad, engaged in promoting and safeguarding Sri Lanka's commercial and economic interests in the host countries, with special emphasis on trade, investment and tourism. The Commercial Officers carry out a wide range of activities under the “Public - Private Partnership Programme” which falls in line with the concept of “Mahinda Chinthanaya Idiri Dakma”, the Vision for Future. The DOC, with the assistance of the Commercial Officers based in

Sri Lankan Missions abroad and other Business Supporting Organizations in Sri Lanka, carried out an array of activities to further expand and diversify international market for Sri Lankan exports. While providing the main focus for the leading exporters to expand their market share in the international market through introduction of new export destinations and creating more conducive environment in existing markets, Commercial Officers continued to assist the Small and Medium scale exporters to gain international market access for their products.

Key functions performed by the Commercial Officers aboard includes followings.

- Compilation of market surveys/ intelligence for identification of export opportunities for Sri Lankan products
 - Monitoring & reporting of host-country trade policy changes, especially tariff and non-tariff measures.
 - Organizing Sri Lanka's participation in important international trade exhibitions/events. This task is considered one of the most effective tools in promoting Sri Lankan exports.
 - Arranging foreign business delegations to visit exhibitions/events held in Sri Lanka.
 - Staging Sri Lanka-specific (single-country) promotional campaigns in host countries.
 - Organizing trade, investment and tourism delegations to visit Sri Lanka and vice versa to explore business opportunities.
 - Organizing individual business visits from and to Sri Lanka to explore business opportunities.
 - Networking with trade, investment and tourism related government officials in the host countries and representing Sri Lanka at different governmental and international organizations on issues / matters relating to Sri Lanka's commercial and economic interests.
- Serving trade, investment and tourism related inquiries, visiting/meeting with foreign businesses, providing technical assistance to Sri Lankan exporters, resolving trade disputes etc.

Please see below summary of this kind of activities undertaken by Commercial Officers from January 2010 to December 2013.

(Table 02)

Activities	2010		2011		2012		2013		Total (2010-2013)	
	No. of Exhibitions/ Delegations	No. of Participants/ Delegates	No. of Exhibitions/ Delegations	No. of Participants/ Delegates	No. of Exhibitions/ Delegations	No. of Participants/ Delegates	No. of Exhibitions/ Delegations	No. of Participants/ Delegates	No. of Exhibitions/ Delegations	No. of Participants/ Delegates
Promotional Fair participation from Sri Lanka in host country	52	510	59	671	80	728	75	848	266	2757
Promotional fair participation from the host country in Sri Lanka	12	47	26	90	29	122	37	325	104	584
Participants to the EXPO 2012, Sri Lanka	n.a	n.a	n.a	n.a	1	1160	n.a	n.a	1	1160
Staged Sri Lanka specific (single-country) promotional campaigns in host countries	88	n.a	116	n.a	138	n.a	127	n.a	469	n.a
Delegations to Sri Lanka (except for EXPO - 2012)	49	385	43	282	48	457	98	563	238	1687
Delegations to the host country	41	437	61	436	54	455	70	600	226	1928
Individual visits to the host country	n.a	147	n.a	174	n.a	181	n.a	201	n.a	703
Individual visits to Sri Lanka	n.a	147	n.a	139	n.a	194	n.a	270	n.a	750
Two way trade inquiries replied	1728		1751		1882		2133		7494	

7.2 “REFLECTION OF SRI LANKA” INTERNATIONAL EXHIBITION ON TRADE, TOURISM AND INVESTMENT ON 13TH – 17TH NOVEMBER 2013, COLOMBO

Commercial Sections of the Embassies made arrangements to give the maximum publicity for “Reflection of Sri Lanka” exhibition in their respective countries which they have stationed. As a result, dozens of foreign exhibitors and media

people and hundreds of foreign buyers were arranged to take part of this exhibition in coordination with the organizers.

7.3 DOC Stall at Dayata Kirula National Development Exhibition- 2013

DOC participated at “Dayata Kirula 2013” national development exhibition which was held in Ampara, Informative booklet was distributed at the DOC exhibition stall to educate the public, students and exporters on the activities and the services provided by the DOC and provided video conferencing facilities for the benefit of interested businessmen to link up with commercial officers abroad.

7.4 CONDUCTING AWARENESS PROGRAMMES

(a) Seminar on the US Food and Drug Administration's new food safety modernization Act and FDA's inspectional process - 24th August 2013

DOC in association with the Embassy of Sri Lanka in Washington organized a seminar, with 55 participants, for existing and potential food and related exporters of Sri Lanka with a private sector expert from FDA and food industry of USA. The objective of the seminar was to create awareness of the Food Modernization Act of USA and the FDA’s Inspection Process to be conducted in Sri Lanka during the latter part of the year.

(b) Awareness Programme on Norway GSP Scheme – 8th August 2013

DOC with the logistical support of the Ceylon Chamber of Commerce organized an awareness programme on potential to expand exports to Norway under the new Norway GSP+ Scheme with 50 participants in attendance.

7.5 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 and

FAM tours to Sri Lanka, setting up tourism promotion councils, providing publicity through electronic and print media in the host country.

7.6 Promotion of Foreign Direct Investment

Trade Officers stationed abroad continued to play a major role in attracting foreign direct investments (FDI) 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.

7.7. Recommendation for Residence Visas

The Director General of Commerce, on behalf of the Secretary, Ministry of 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 DOC paid extra attention to ensure that the visas recommended were genuine and supported towards the national development as well as human resource development.

During the year the DOC has issued residence visa recommendations for 206 expatriates consisting of 115 applicants and 91 dependents from various nationalities of 70 Indians, 50 British, 27 Japanese, 17 Pakistanis, and other nationalities of Austrian, Australians, Chinese, French, Germans, Irish, Koreans, Singaporeans, Swedish etc.

7.8 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

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.

- 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)

As of 31st December 2013, the DOC has registered as many as 4,186 exporters for issuance COOs. On an average working day, 470 COOs were processed and issued by the DOC. Table 03 depicts COOs issued under respective Preferential Trading Arrangements by the DOC for the duration of 2010- 2013. 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 30 to 50 consultations are carried out daily by the designated officials. The issuance of COOs is a highly specialized function requiring an in-depth knowledge on the respective Rules of Origin Criteria under different trade agreements/ arrangements. The responsibilities of the DOC in this regard;

- (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 and
- (e) compilation of COO related data and analytical reports.

COOs Issued by the Department of Commerce

(Table 03)

Agreement	Number of Certificates of Origin Issued			
	2010	2011	2012	2013
EU GSP	88,409	85,600	114,029	79,774
GSP- Other Countries	15,434	14,782	13,909	13,410
GSP-CIS Countries	871	856	1,009	929
ISFTA	10,373	35	9,742	11,088
PSFTA	5,219	30	8,057	8,190
APTA	1,906	2,424	2,781	3,482
SAFTA	-	-	26	74
SAPTA	239	248	253	243
GSTP	99	115	136	147
Total	122,550	104,090	149,942	117,337

Staff Movements of the DOC – 2013

Name of the Officer	Movement	Date
<i>Promotions</i>		
Mr. R.D.S. Kumararatne Director General of Commerce	Assumed duties as the Director General of Commerce	2013.10.03
<i>Retirement</i>		
Mr. P.D. Fernando Director General of Commerce	Retired from the post of Director General of Commerce	2013.09.21
<i>New recruitments</i>		
Mrs. V.S. Bandara	Recruited as Assistant Director of Commerce	2013.02.06
Miss. P.K.S. Jayarathna	Recruited as Assistant Director of Commerce	2013.02.06
Miss. W.G.Y.N. Gunawardena	Recruited as Assistant Director of Commerce	2013.02.06
Miss. D.M.S.N. Abeyrathne	Recruited as Assistant Director of Commerce	2013.02.06
Miss. W.C.K. Perera	Recruited as Assistant Director of Commerce	2013.02.06
Miss. M.W.B. Abeykoon	Recruited as Assistant Director of Commerce	2013.02.06
Miss. W.T.C. Botheju	Recruited as Assistant Director of Commerce	2013.02.06
Mr. S.A.S.A.Samaraweera	Recruited as Assistant Director of Commerce	2013.02.06
Mr. M.G.K.J.Kumara	Recruited as Assistant Director of Commerce	2013.02.06
Mr. R.P.G.R. Rajapaksha	Recruited as Assistant Director of Commerce	2013.02.06
<i>Change of Stations- Posted</i>		
Mr. A.G.N.A. Karunathilake, Director of Commerce	Posted to the PR/ WTO and the Embassy of Sri Lanka in Geneva, Switzerland	2013.01.01
Mrs. D.A.S. Wijewantha Assistant Director of Commerce	Posted to the High Commission of Sri Lanka in in London, UK	2013.01.01
Mr. D.M Ratnayake Deputy Director of Commerce	Posted to the Consulate General Office of Sri Lanka in Sydney, Australia	2013.03.19

Mr. D.M.N.P. Wijerathne Assistant Director of Commerce	Posted to the Office of the PR/ WTO and the Embassy of Sri Lanka in Geneva, Switzerland	2013.09.09
Mr. H.M.B. Herath Deputy Director of Commerce	Posted to the Consulate General Office of Sri Lanka in Karachi, Pakistan	2013.09.14
Mr. B.M.S.A.B. Godawita Director of Commerce	Posted to the Consulate General Office of Sri Lanka in Toronto, Canada	2013.09.16
Mr. Y.Y.K. De Silva, Assistant Director of Commerce	Posted to the Embassy of Sri Lanka in Seoul, South Korea	2013.10.25
Mr. D.D. Premaratne Deputy Director of Commerce	Posted to the Embassy of Sri Lanka in Tokyo, Japan	2013.12.21
<i>Change of Stations- Retuned</i>		
Mr. D.W. Jinadasa Deputy Director of Commerce	Returned to Sri Lanka from the Consulate General of Sri Lanka in Karachi, Pakistan	2013.08.01
Mrs. L.P. Peiris Deputy Director of Commerce	Returned to Sri Lanka from the PR/ WTO Office/ Embassy of Sri Lanka in Geneva, Switzerland	2013.08.11
Mr. R.D.S. Kumararatne, Director of Commerce	Returned to Sri Lanka from the Embassy of Sri Lanka in Brussels, Belgium	2013.09.20
Mr. D.G.A.P. Dharmapriya Deputy Director of Commerce	Returned to Sri Lanka from the High Commission of Sri Lanka in Singapore	2013.08.26
Mr. H.M.B. Herath Deputy Director of Commerce	Returned from the Consulate of Sri Lanka in Toronto, Canada and posted to the Consulate General Office of Sri Lanka in Karachi, Pakistan	2013.09.13
Mr. S.M.C.D. Yattogoda Deputy Director of Commerce	Returned to Sri Lanka from the Embassy of Sri Lanka in Seoul, South Korea	2013.09.30
Mrs. Z.A.M. Shafi Deputy Director of Commerce	Returned to Sri Lanka from the High Commission of Sri Lanka in Kuala Lumpur, Malaysia	2013.10.01
Mr. M. Somasena Deputy Director of Commerce	Returned to Sri Lanka from the Embassy of Sri Lanka in Tokyo, Japan	2013.12.31

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கீர்ம அக்கய/த லபப இல /Head No:295 அமகயக்கய/தெபார்த்தென்துவ:- வாக்ச தெபார்த்தென்துவ அ மசச/தணககளம -வரததகதத ணககளம Ministry/Department:-Department of Commerce வகபபபதன் அக்கய/ந கமசச ததட்ட இல/ Programme No:01 வகபபபத 1/க ரதத டட்ட இல/Project 1 புறராவர்த்த வகதத/மண வ ரம சலவ/Recurrent Expenditure					
	2012	2013	2013		
வகததரக	பகய	அதத	பகய	2013	
வ வரணம	வகதத	அதததென்துவ	அதததென்துவ	பகய வகதத	தகதத
Description	Actual	Actual	Revised Estimate	Actual	Savings
	Rs.	Rs.	Rs.	Rs.	Rs.
பகதததக பகதத					
ஆளககரய வதத தக	26,823,235	34,750,000	32,950,000	31,015,639	1,934,361
Personal Emoluments					
வதத					
ஏ ணயவக	54,490,223	61,226,000	63,026,000	61,624,657	1,401,343
Other					
தத வகதத புறராவர்த்த					
தகதத/ ம ததத/Total	81,313,458	95,976,000	95,976,000	92,640,296	3,335,704

මූලධන වියදම් Capital Expenditure					
වැය විෂය අංකය / විස්තර	('000) සත්‍ය වියදම Actual (2012)	('000) අනුමත ඇස්තමේන්තු Estimate (2013)	('000) සංශෝධිත ඇස්තමේන්තු Revised Estimate (2013)	('000) සත්‍ය වියදම Actual (2013)	ඉතිරිය Savings (2013)
<u>මූලධන වත්කම් පුනරුත්ථාපනය හා වැඩි දියුණු කිරීම</u>	433	600	600	111	489
<u>Rehabilitation & improvement of Capital Assets</u>					
යන්ත්‍ර සූත්‍ර හා උපකරණ (2002) Plant Machinery & Equipment	299	400	400	20	380
වාහන (2003) Vehicles	134	200	200	91	109
<u>මූලධන වත්කම් අත්පත් කර ගැනීම</u> <u>Acquisition of Capital Assets</u>	828	3325	4325	4050	275
වාහන (2101) Vehicles	0	300	300	150	150
ලී බඩු හා කාර්යාලයීය උපකරණ(2102) Furniture & Office Equipment	780	2725	3725	3665	60
යන්ත්‍රෝපකරණ (2103) Machinery	48	300	300	235	65
<u>මානව සම්පත් සංවර්ධනය</u> <u>Human Resource Development</u>	322	500	500	212	288
කාර්ය මණ්ඩල පුහුණු (2401) Staff Training	322	500	500	212	288
<u>වෙනත් මූලධන වියදම්</u> <u>Other Capital Expenditure</u>	5420	7000	6000	4595	1405
ආයෝජන (2502) Investments	5420	7000	6000	4595	1405
එකතුව/ Total	7003	11425	11425	8968	2457