

Voluntary Report – Voluntary - Public Distribution

Date: January 30, 2023

Report Number: CE2023-0002

Report Name: Sri Lanka's Foreign Exchange Crisis Driven Import Control Regulations

Country: Sri Lanka

Post: Colombo

Report Category: FAIRS Subject Report

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Report Highlights:

On April 9, 2022, the Sri Lankan government issued the Imports and Exports (Control) Regulations No. 06 (2022). These regulations affect several food and non-food commodities. Food and agricultural products impacted by the measure include fish and fish products; dairy products; fruits (fresh and dried); cereal grains; starches; chocolate and other foods containing cocoa; pasta; couscous; fruit juices; prepared cereals; beers, wines, and spirits; and tobacco. An importer intent on importing any of the food and agricultural products specified in the Import and Export (Control) Regulations No. 06 (2022) must have a valid license issued by the Controller General of Imports and Exports Control prior to the shipped-on board date of the bill of lading/airway bill of the consignment. The licensing fee varies by commodity and is assessed on cost-insurance-freight (CIF) basis. The government has introduced quantitative and price restrictions on imports to discourage the import of non-essential commodities.

DISCLAIMER: The information contained in this report was retrieved from the Sri Lanka Standards Institution (SLSI) website <http://www.slsi.lk/index.php?lang=en>. The U.S. Embassy in Colombo – Foreign Agricultural Service (FAS) Office of Agricultural Affairs (OAA), USDA and/or the U.S. government make no claim of accuracy or authenticity. The Government of the Democratic Socialist Republic of Sri Lanka India has not officially endorsed this report. Import approval for any product is subject to local rules and regulations as interpreted by Sri Lankan officials at the time of product entry. [Note: Use Google Chrome to access the links that do not open in Microsoft Edge].

GENERAL INFORMATION

The Sri Lankan government started revising its import control regulations on March 19, 2020. It initially sought to mitigate the impact of the COVID-19 pandemic. Subsequently it has sought to limit the outflow of foreign exchange reserves. The government is introducing quantitative and price restrictions on imports to discourage the import of non-essential commodities.

The pandemic, with the drop in international travel, crippled the country's tourism-dependent economy, which until then had been a key source of foreign hard currency. At the same time imports had been on the rise along with large debt servicing costs resulting from loose fiscal policy and significant heavy foreign exchange borrowing.¹ These factors compounded by the spike of international oil prices, a critical import commodity for petroleum-poor Sri Lanka, as well as rising U.S. interest rates, were too much for the Central Bank of Sri Lanka to defend the Sri Lankan rupee (LKR) against global pressures. The value of the local currency fell by around 44 percent in 2022.² Economic crisis led to political crisis, resulting in the resignation (July 13) of President Gotabaya Rajapaksa.

Background:

On April 9, 2022, the Sri Lankan government issued the [Imports and Exports \(Control\) Regulations No. 06 \(2022\)](#). These regulations affect several food and non-food commodities. Food and agricultural products impacted by the measure include fish and fish products; dairy products; fruits (fresh and dried); cereal grains; starches; chocolate and other foods containing cocoa; pasta; couscous; fruit juices; prepared cereals; beers, wines, and spirits; and tobacco (see, Appendix I).

The regulation is applicable to those consignments shipped with a bill of lading/airway bill dated on or after April 10, 2022. A license is required for the import of goods specified in the regulations and is subject to the approval of the Secretary to the Ministry of Finance. An importer intent on importing any of the food and agricultural products specified in the **Import and Export (Control) Regulations No. 06**

¹ Gotabaya Rajapaksa's newly elected government on November 27, 2019, dropped the value-added-tax (VAT) from 15 percent to 8 percent (effective December 1, 2019). It eliminated seven other taxes, including a 2 percent nation building tax that had been paid by the business sector as well as exempted all religious institutions from taxes.

² Foreign reserves plummeted to \$1.93 billion in March 2022, down from \$2 billion the previous month. Sri Lanka's outstanding sovereign debt was over \$7 billion before it defaulted on April 12, 2022 (except for debt to multilateral agencies such as the World Bank). The International Monetary Fund (IMF) in September 2022, approved Sri Lanka a \$2.9 billion bailout package over four years pending Sri Lanka's ability to restructure its debt with creditors – including both bilateral and sovereign bond holders.

(2022) must have a valid license issued by the Controller General of Imports and Exports Control prior to the shipped-on board date of the bill of lading/airway bill of the consignment. The licensing fee varies by commodity and is assessed on cost-insurance-freight (CIF) basis.

Table1. Sri Lanka, Import Control License Fees

Serial No.	Goods	Import Control License Fee/ CIF Value
65	Dairy Products	0.10%
66	Fruits	0.10%
67	Prepared Flour & Starches	0.10%
68	Prepared foods, chocolate, and pasta	0.10%
69	Tobacco products	1.00%

Source: Imports and Export (Control) Regulations No. 06 of 2022.

In introducing import control license fees, the Sri Lankan government aims to control the volume of non-essential food and non-food commodities entering the country. Domestic prices for the commodities falling under the import control license scheme are anticipated to increase; with the intent of encouraging domestic production. The Sri Lankan government aims to better allocate limited foreign exchange resources for imports of essential commodities such as fuel (i.e., gasoline and diesel fuel) and raw materials essential for domestic manufacturing and export processing.

Appendix I – Sri Lanka, Applicable Food and Non-food Commodities for Import Control License

HS Heading	HS Code	Description
03.04		Fish fillets and other fish meat (whether or not minced), fresh, chilled, or frozen.
		Fresh or chilled fillets of other fish:
	0304.41.00	Pacific salmon (<i>Oncorhynchus nerka</i> , <i>Oncorhynchus gorbusha</i> , <i>Oncorhynchus keta</i> , <i>Oncorhynchus tshawytscha</i> , <i>Oncorhynchus kisutch</i> , <i>Oncorhynchus masou</i> and <i>Oncorhynchus rhodurus</i>), Atlantic salmon (<i>Salmo salar</i>) and Danube salmon (<i>Hucho hucho</i>)
	0304.49.00	Other
		Other, fresh, or chilled:
	0304.51.00	Tilapias (<i>Oreochromis spp.</i>), catfish (<i>Pangasius spp.</i> , <i>Silurus spp.</i> , <i>Clarias spp.</i> , <i>Ictalurus spp.</i>), carp (<i>Cyprinus spp.</i> , <i>Carassius spp.</i> , <i>Ctenopharyngodon idellus</i> , <i>Hypophthalmichthys spp.</i> , <i>Cirrhinus spp.</i> , <i>Mylopharyngodon piceus</i>), <i>Catla catla</i> , <i>Labeo spp.</i> , <i>Ost</i>
		Frozen fillets of tilapias (<i>Oreochromis spp.</i>), catfish (<i>Pangasius spp.</i>, <i>Silurus spp.</i>, <i>Clarias spp.</i>, <i>Ictalurus spp.</i>), carp (<i>Cyprinus spp.</i>, <i>Carassius spp.</i>, <i>Ctenopharyngodon idellus</i>, <i>Hypophthalmichthys spp.</i>, <i>Cirrhinus spp.</i>, <i>Mylopharyngodon piceus</i>, <i>Catla</i>, <i>Labeo spp.</i>, <i>Osteochilush asselti</i>, <i>Leptobarbus hoeveni</i>, <i>Megalobrama spp.</i>), eels (<i>Anguilla spp.</i>), Nile perch (<i>Lates niloticus</i>) and snakeheads (<i>Channa spp.</i>):
	0304.61.00	Tilapias (<i>Oreochromis spp.</i>)
	0304.62.00	Catfish (<i>Pangasius spp.</i> , <i>Silurus spp.</i> , <i>Clarias spp.</i> , <i>Ictalurus spp.</i>)
	0304.69.00	Other
		Frozen fillets of fish of the families <i>Bregmacerotidae</i>, <i>Euclichthyidae</i>, <i>Gadidae</i>, <i>Macrouridae</i>, <i>Melanonidae</i>, <i>Merlucciidae</i>, <i>Moridae</i> and <i>Muraenolepididae</i>:
	0304.74.00	Hake (<i>Merluccius spp.</i> , <i>urophycis spp.</i>)
04.02		Milk and cream, concentrated or containing added sugar or other sweetening matter
		Other:
	0402.99.00	Other:
	0402.99.90	Other

HS Heading	HS Code	Description
04.03		Buttermilk, curdled milk and cream, yogurt, kefir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavored or containing added fruit, nuts, or cocoa.
	0403.10.00	Yogurt
	0403.90.00	Other
04.05		Butter and other fats and oils derived from milk; dairy spreads.
	0405.10.00	Butter
04.06		Cheese and curd
	0406.20.00	Grated or powdered cheese, of all kinds
	0406.30.00	Processed cheese, not grated, or powdered
	0406.90.00	Other cheese
08.05		Citrus fruit, fresh or dried
	0805.10.00	Oranges:
	0805.10.10	Fresh
		Mandarins (including tangerines and satsumas); clementines, <i>Wilking</i> s (mandarins), and similar citrus hybrids:
	0805.21.00	Mandarins (including tangerines and satsumas):
	0805.21.10	Fresh
08.06		Grapes, fresh or dried.
	0806.10.00	Fresh
	0806.20.00	Dried
08.08		Apples, pears, and quinces, fresh.
	0808.10.00	Apples
08.10		Other fruit, fresh.
	0810.90.00	Other:
	0810.90.90	Other

HS Heading	HS Code	Description
11.04		Cereal grains otherwise worked (for example, hulled, rolled, flaked, pearled, sliced, or kibbled), except rice of heading 10.06; germ of cereals, whole, rolled, flaked, or ground.
		Rolled or flaked grains:
	1104.12.00	Of oats
	1104.19.00	Of other cereals
		Other worked grains (for example, hulled, pearled, sliced or kibbled):
	1104.22.00	Of oats
	1104.23.00	Of maize (corn)
	1104.29.00	Of other cereals
	1104.30.00	Germ of cereals, whole, rolled, flaked, or ground
11.05		Flour, meal, powder, flakes, granules, and pellets of potatoes.
	1105.10.00	Flour, meal, and powder
	1105.20.00	Flakes, granules, and pellets
11.07		Malt, whether or not roasted.
	1107.10.00	Not roasted
	1107.20.00	Roasted
11.08		Starches; inulin.
		Starches:
	1108.14.00	Manioc (cassava) starch
18.06		Chocolate and other food preparations containing cocoa

HS Heading	HS Code	Description
	1806.20.00	Other preparations in blocks, slabs or bars weighing more than 2 kg or in liquid, paste, powder, granular or other bulk form in containers or immediate packings, of a content exceeding 2 kg
		Other, in blocks, slabs or bars:
	1806.31.00	Filled
11.08		Starches; inulin.
		Starches:
	1108.14.00	Manioc (cassava) starch
18.06		Chocolate and other food preparations containing cocoa
	1806.20.00	Other preparations in blocks, slabs or bars weighing more than 2 kg or in liquid, paste, powder, granular or other bulk form in containers or immediate packings, of a content exceeding 2 kg
		Other, in blocks, slabs or bars:
	1806.31.00	Filled
	1806.32.00	Not filled
	1806.90.00	Other
19.02		Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagna, gnocchi, ravioli, cannelloni; couscous, whether or not prepared.
		Uncooked pasta, not stuffed or otherwise prepared:
	1902.11.00	Containing eggs
	1902.19.00	Other
	1902.20.00	Stuffed pasta, whether or not cooked or otherwise prepared
	1902.30.00	Other pasta
	1902.40.00	Couscous

HS Heading	HS Code	Description
19.04		Prepared foods obtained by the swelling or roasting of cereals or cereal products (for example, corn flakes); cereals (other than maize (corn)) in grain form or in the form of flakes or other worked grains (except flour, groats, and meal), pre-cooked, or otherwise prepared, not elsewhere specified or included.
	1904.10.00	Prepared foods obtained by the swelling or roasting of cereals or cereal products
	1904.20.00	Prepared foods obtained from unroasted cereal flakes or from mixtures of unroasted cereal flakes and roasted cereal flakes or swelled cereals
20.09		Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter.
		Orange juice:
	2009.11.00	Frozen:
	2009.11.90	Other
		Apple juice:
	2009.71.00	Of a Brix value not exceeding 20
	2009.79.00	Other
	2009.90.00	Mixtures of juices
22.02		Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 20.09.
	2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored
		Other:
	2202.91.00	Non-alcoholic beer
	2202.99.00	Other:

HS Heading	HS Code	Description
	2202.99.10	Tea in beverage form
	2202.99.40	Herbs based beverages
		Beverages based on fruit or vegetable juices:
	2202.99.51	Sugar contents of which is more than 6g per 100ml
	2202.99.59	Other
		Beverages based on milk:
	2202.99.61	Sugar contents of which is more than 6g per 100ml
	2202.99.69	Other
	2202.99.70	Beverages based on cereal, grain, or tree fruits:
		Other:
	2202.99.91	Sugar contents of which is more than 6g per 100ml
	2202.99.99	Other
22.03		Beer made from malt.
	2203.00.10	Canned beer less than 350 ml
	2203.00.20	Canned beer 350 ml or more
	2203.00.90	Other
22.04		Wine of fresh grapes, including fortified wines; grape must other than that of heading 20.09
	2204.10.00	Sparkling wine
		Other wine: grape must with fermentation prevented or arrested by the addition of alcohol:
	2204.21.00	In containers holding 2 l or less
22.05		Vermouth and other wine of fresh grapes flavored with plants or aromatic substances.
	2205.10.00	In containers holding 2 l or less

HS Heading	HS Code	Description
22.08		Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs, and other spirituous beverages.
	2208.20.00	Spirits obtained by distilling grape wine or grape marc
	2208.30.00	Whiskies
	2208.40.00	Rum and other spirits obtained by distilling fermented sugar-cane products:
	2208.40.10	Rum
	2208.50.00	Gin and Geneva
	2208.60.00	Vodka
	2208.70.00	Liqueurs and cordials
24.02		Cigars, cheroots, cigarillos, and cigarettes, of tobacco or of tobacco substitutes.
	2402.10.00	Cigars, cheroots, and cigarillos, containing tobacco
	2402.20.00	Cigarettes containing tobacco:
	2402.20.50	Cigarettes, each exceeding 72 mm but not exceeding 84 mm in length
	2402.20.60	Cigarettes, each exceeding 84 mm in length

Source: Imports and Export (Control) Regulations No. 06 of 2022.

Attachments:

No Attachments.