

Voluntary Report – Voluntary - Public Distribution

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Report Name: Sri Lanka Revises its Tariff Schedule on November 17, 2020

Country: Sri Lanka

Post: Colombo

Report Category: Agricultural Situation, Agriculture in the Economy, Policy and Program Announcements, Agriculture in the News, FAIRS Subject Report, SP2 - Prevent or Resolve Barriers to Trade that Hinder U.S. Food and Agricultural Exports, SP1 - Expand International Marketing Opportunities, Country/Regional FTA's, Potatoes and Potato Products, Oilseeds and Products, Fresh Deciduous Fruit, Fresh Fruit, Livestock and Products, Poultry and Products

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Report Highlights:

The Government of Sri Lanka on November 17, 2020, revised the country's tariff schedule effective November 18, 2020. The changes modify the Revenue Protection Act, No. 19 (1962). The average import duty drops by half from the previous level, however, a CESS levy on a wide range of imports (including a number of U.S.-origin agricultural commodities) is being introduced. The measure impacts the main U.S.-origin commodities (in terms of trade value) including soybean flour, chickpeas, fresh apples, fresh grapes, prepared foods, and prepared potatoes.

DISCLAIMER: The U.S. Embassy in Colombo – Foreign Agricultural Service (FAS) Office of Agricultural Affairs (OAA) prepared this FAIRS report to serve as a reference guide for U.S. stakeholders wishing to export food and agricultural products to Sri Lanka. The CESS and customs import duty changes information contained herein are from the notification made available on the Sri Lanka [Ministry of Finance website](#). The U.S. Department of Agriculture and/or the U.S. government make no claim of accuracy or authenticity. The Government of the Democratic Socialist Republic of Sri Lanka has not officially endorsed this report. Import approval for any product is subject to local rules and regulations as interpreted by Sri Lankan border officials at the time of product entry. [Note: Readers may use Google Chrome to access the links in case they do not open in Internet Explorer].

EXECUTIVE SUMMARY:

The Government of the Democratic Socialist Republic of Sri Lanka (Sri Lanka) on November 17, 2020, notified a series of tariff revisions. The revisions include: 1) a [reduction in customs import duties](#) and 2) the [imposition of a CESS](#) (i.e., an import levy collected under the Export Development Board Act, over a range of commodities).

Effective November 18, 2020, Sri Lanka is introducing a CESS on 2,575 commodities including agricultural commodities. The new CESS is either *ad valorem* (i.e., applied on the value) or a specific tax (applied on the quantity), whichever the higher. The *ad valorem* rate ranges from a minimum five percent to a maximum of 70 percent, while the specific rate ranges from a minimum of two Sri Lankan rupees (LKR)/kilogram (\$0.01) to LKR 22,308/kilogram (\$120.72). [FOREX: LKR 184.79 to \$1.00, November 18, 2020].

NOVEMBER 17, 2020, REVENUE PROTECTION ORDER, No. 8 (2020)

The Sri Lanka government published in the official gazette on November 17, 2020, across the board revisions to the country's tariff structure. Implementation is through the Revenue Protection Order, No. 8 (2020). These changes became effective on November 18, 2020.

The Custom Import Duty (CID), which previously stood at around 30 percent, will now average 15 percent for most import commodities. The new tariff bands are set at 20 percent (for a handful commodities), while ranging from zero to 10 percent for others. The applicable CID for 7,803 commodities, subject to these revisions, at the Harmonized Tariff System (HS) code eight-digit level, are available to the public in the [Sri Lankan official gazette](#).

Regulation Changes to the Lists of Concessions and Exemptions Subject to under the Director General of Customs' Approval: Included among several exemptions, exemptions for the local livestock industry. Ingredients other than maize, such as lentils and rice used for animal and poultry feed manufacturing for use by local livestock farmers, are exempt from the CID, subject to the recommendation of the Secretary of the Ministry in charge of livestock production. Linear, low-density polythene used in the manufacture of silage storage units, along with prefabricated poultry houses, plant machinery and equipment, and parts and accessories for poultry industry are exempt subject to ministerial recommendation/approval.

Equipment and parts used for weather stations, greenhouses, poly-tunnels, sprinklers, misting systems, drip irrigation, systems, fertigation (fertilizer injection) systems, hydroponics systems, mulch films, pond liners, hydroponic trays, horticulture lamps, shade and netting are exempt subject to the recommendation/approval of the Sri Lankan Secretary of Agriculture.

Basmati rice and potato quotas falling under the [Pakistan-Sri Lanka Free Trade Agreement \(PSFTA\)](#) are exempt subject to the recommendation/approval of the Sri Lankan Director General of Commerce.

IMPACT OF THE CESS ON U.S.-ORIGIN FOOD AND AGRICULTURAL PRODUCTS

FAS Colombo (Post) finds that the November 2020, tariffs revisions at the HS code six-digit level affect forty U.S.-origin food and agricultural products. While the CESS is being applied at the HS code eight-digit level; at a minimum rate of five percent, or LKR 25 to 550 (\$0.14 to \$2.98) per kilogram. The measure impacts some of the main U.S.-origin commodities (in terms of trade value) including soybean flour, chickpeas, fresh apples, fresh grapes, prepared foods, and prepared potatoes (table 1).

TABLE 1: Impact on U.S.-Origin Products at the New Duty Rate, HS Code Six-Digit Level

HS codes	Type of Product	CESS Ad Valorem Rate (%)	CESS Unit Rate (LKR/kilogram)
0306.17	Other shrimps, frozen	45	160
0306.35	Cold-water shrimp and prawns, live, fresh or chilled	45	140
0403.10	Yogurt	15	275
0404.10	Whey	35	110

TABLE 1: Impact on U.S.-Origin Products at the New Duty Rate, HS Code Six-Digit Level (cont.)

0713.10	Peas dried, shelled	15	---
0713.20	Chickpeas, dried	5	---
0713.39	Beans dried, shelled	15	---
0713.40	Lentils dried, shelled	15	---
0802.12	Almonds, no shell	30	110
0802.31	Walnuts, in shell	15 or 30	110
0806.10	Grapes, fresh	15	---
0806.20	Grapes, dried	15	40
0808.10	Apples, fresh	15	---
0906.11	Cinnamon whole	30	---
0906.20	Cinnamon crushed	30	---
1005.90	Maize, except seed	35	---
1006.30	Rice, semi-milled	15	28
1008.21	Millet, seed	15	---
1207.70	Melon, seeds	15	---
1208.10	Flour of soya beans	15	---
1208.90	Flour, meal, oilseed (oil seed meal/ cake ex-SB)	15	---
1515.90	Vegetable fats, oils NESOI	---	40
1602.32	Fowl meat, prepared or preserved	45	240
1702.90	Sugar NESOI	---	25
1806.20	Chocolate >2 kilograms	50	120
1904.20	Cereal foods, unroasted	45	100
1905.10	Crispbread	50	120
1905.90	Other bakers wares	50	120
2002.90	Tomatoes NESOI, prepared or preserved	35	45
2004.10	Potatoes, prepared or preserved	50	160
2008.60	Cherries, prepared or preserved	50	160
2101.11	Coffee extracts	30	640
2101.20	Tea and mate extract	15 or 30	145/156/188/550
2103.20	Tomato ketchup/sauce	45	125
2106.10	Protein concentrates	15	---
2106.90	Food preparations others, NESOI	15 or 45	125 or 250
2401.10	Tobacco, not stemmed/stripped	30	---
2401.20	Tobacco, partly or wholly stemmed/stripped	30	---
3302.10	Mix odor sub food	15	---
2309.10	Dog or cat food, put up for retail sale	15	---

Source: Sri Lanka official gazette, USDA\ FAS Global Agricultural Trade Statistics (GATS), FAS Colombo office research.

Attachments:

No Attachments.