

Indo Lanka Free Trade Agreement (ILFTA)

ILFTA came into effect in March 2000. The agreement covers 5112 items for duty free or preferential treatment. The next stage is the proposed Comprehensive Economic Partnership Agreement (CEPA) covering more items, an agreement on trade in services and measures to facilitate free flow of investments

FTA has given boost to trade between the two countries. However, only 27% of total imports from India fall into the categories that are given concessions under FTA. In contrast almost 90% of exports to India from Sri Lanka falls into the categories where concessions are given under FTA. This is mainly because Sri Lanka has a far more liberal external trade regime than that of India. Iron and Steel products account for almost 40% of imports from India under FTA. Main export accounting for 50% of exports under FTA are copper articles.

Trade between Sri Lanka and India

Year	As a % of Exports	As a % of Imports
1997	0.94	9.54
1998	0.78	9.16
1999	1.05	8.54
2000	1.05	8.20
2001	1.49	10.09
2002	3.63	13.66
2003	4.80	16.09
2004	8.00	18.00