

BRIEF ON THE CHANGES TO THE IMPORTS AND EXPORTS (CONTROL) ACT NO. I OF 1969 IN AUGUST 2022

INTRODUCTION

This is the 11th brief in a series that presents an analysis of the amendments to the regulations of the Imports and Exports (Control) Act. These briefs have been prepared since April 2020¹ with an aim to provide clarity and awareness of the changes to the Import and Export Regulations.

The 11th brief analyses the two (2) Gazettes that came into effect on August 23rd, 2022 (refer below):

- Gazette 1: [Imports and Exports \(Control\) Regulations No. 12 of 2022 published in the Gazette Extraordinary No. 2294/29 dated 23 August 2022](#)
- Gazette 2: [Imports and Exports \(Control\) Regulations No. 13 of 2022 published in the Gazette Extraordinary No. 2294/30 dated 23 August 2022](#)

KEY TAKEAWAYS

- Gazette 1 made amendments to the Gazette issued on June 2022 (No. 2285/19); May 2022 (No. 2278/21); June 2021 (No. 2231/18); November 2017 (No. 2044/40); and February 2016 (No. 1953/28). These changes included leniency for projects outside the Board of Investment (BOI), Electric Bikes and Bicycles being removed from Temporary Suspension (TS) and placed into Import Control License (ICL), description changes, and changes to open account payment terms.
- Gazette 2 imposed further TS restrictions for the importation of certain goods. The Machinery/Electrical sector saw the highest number of goods being placed under TS in Gazette 2 with a share of 48%. This was followed by the Textile sector contributing 16%.
- The TS specified in Gazette 2 will be effective from August 23rd, 2022, however, if those goods have been shipped on or before August 23rd, 2022 (i.e., date of Bill of Lading/Airway Bill on or before August 23rd, 2022) and arrived at the port of Sri Lanka on or before September 14th, 2022 will be allowed for customs clearance.
- Entities falling outside the Temporary Importation for Export Purposes (TIEP) scheme, re-exports, and projects under section 17 of the BOI Act, can also request the Controller General of Imports and Exports, to import goods specified in TS, subject to the approval of the Minister of Finance on the recommendation of the Secretary to the Treasury, on a case-by-case basis.
- A total of 1,907 items as of August 23rd, 2022 are under TS, which in our estimate is about 24% of total HS codes at 8-digit (tariff lines) in Sri Lanka. Machinery/Electrical (37%), Transportation (16%), and Textile (12%) are the key sectors that are in this category.

¹ Summary of these regulations can be accessed in Annexure 2 and past briefs can be accessed through [Trade Watch](#).

- 16% of items added to TS by Gazette 2 were previously under the ICL requirement implemented by the Gazettes issued on 9th March 2022 and April 9th, 2022, and were rescinded on May 31st, 2022.
- 34% of items added to TS by Gazette 2 were previously in the import restriction list requiring a credit facility of 90 days (C-90 days) and 180 days (C-180 days). The credit facility regulation was imposed through 10 Gazettes from April 2020 to June 2021. 47% of these matches were in Textile followed by Machinery/Electrical (24%).

KEY CHANGES OBSERVED

Gazette I

Leniency for Special Projects outside the BOI Projects

Gazette I made amendments to the Gazette issued on June 2021 (No. 2231/18) for tiles and stones under HS heading 25.15, 25.16, 68.02, and 65.10 listed in TS to be imported for direct usage (only) of any approved condominium or mix development or hotel projects or Government projects, which do not come under the purview of BOI.

These importations are subject to the limit of quantities of tiles or stones as certified in the bill of quantities (BOQ) of such projects; under the Letter of Credit or Document Against Acceptance payment terms with a minimum of 180 days' credit facility.

This is subject to the approval of the Controller General of Imports and Exports Control, on the recommendation of the Secretary to the Treasury, and approval of the Minister of Finance, on a case-by-case basis.

For Government Funded Projects, the importation of construction vehicles can be allowed subject to the approval of the Controller General of Imports and Exports, on the recommendation of the Secretary to the Treasury.

A provision to make a request for payment terms under the Open Account Payment Term or Consignment Account Term for development projects approved by the Board of Investment or development projects, awarded by any Government entities, was made in Gazette I. This is subject to the approval by the Controller General, Department of Imports and Exports Control subject to the recommendation of the Secretary to the Treasury on a case-by-case basis.

Bicycles and Electric Bikes

Bicycles (HS 8712.00.90) and Electric Bikes (HS 8711.60.10) were removed from TS and added to the list of ICL subject to a fee of LKR 1,000 and LKR 4,000 for bicycles and electric bikes, respectively. Letter of Credit or Document Against Acceptance are the payment terms for importation of bicycles and electric bikes subject to a minimum of 180 days' credit facility.

Sugar under Open Accounts

The HS code of Cane Sugar (HS 1701.99.10) allowed under payment terms of Open Account / Consignment Account Permitted (OAP), was changed to the Cane Sugar HS code of HS 1701.99.20.

Description Changes

The following description changes for the goods specified in TS of the June 2021 Gazette, were made. The description amendments are highlighted in blue font.

Table 01: Description changes to June 2021 Gazette

| HS Code | Description Changes |
|------------|--|
| 2206.00.99 | Other – Except Sake, Sochu, and Umeshu |
| 3923.10.90 | Other – Except Plastic Crates and Plastic Pallets |

Gazette 2

Gazette 2 imposed further TS on the importation of 1472 goods. Our analysis showed that some of these items were previously under the ICL requirement implemented by the Gazettes issued on March 9th, 2022 and April 9th, 2022, which were rescinded on May 31st, 2022.

While some were previously under the import restriction list requiring a credit facility of 90 days (C-90 days) and 180 days (C-180 days). The credit facility regulation was imposed through 10 Gazettes from April 2020 to June 2021.

Table 02: Summary of items under Previous Import Controls

| Previous Import Controls | Credit period of 90 days | Credit period of 180 days | ICL (March 2022) | Total TS in Gazette 2 |
|-------------------------------------|--------------------------|---------------------------|------------------|-----------------------|
| Number of HS codes at 8-digit level | 449 | 49 | 229 | 1472 |
| Share | 31% | 3% | 16% | 100% |

However, in addition to entities under the TIEP, re-exports, and projects under section 17 of the BOI Act, where importation of items in TS is allowed, leniency has also been granted for other entities that do not fall under the above categories.

These entities will be allowed to import for direct use only (not for trading purposes), by the Controller General of Imports and Exports, on a case-by-case basis, subject to the approval of the Minister of Finance on the recommendation of the Secretary to the Treasury. A document fee will be charged for this process.

OVERVIEW OF THE SECTOR IMPLICATIONS

The Machinery/Electrical sector saw the highest number of goods being placed under TS in Gazette 2 with a share of 48%. This was followed by the Textile sector contributing 16%. The table below provides a summary of the items that were subjected to TS.

Table 03: Summary of Products (at HS 8-digit level) under TS on August 23rd, 2022

| HS Chapter Range | Product Description | Temporary Suspension (TS) | Share |
|------------------|-------------------------------------|---------------------------|-------|
| 01-05 | Animal and Animal Products | 3 | 0% |
| 06-15 | Vegetable Products | 5 | 0% |
| 16-24 | Food Stuff | 16 | 1% |
| 25-27 | Mineral Products | 10 | 1% |
| 28-38 | Chemical and Allied industries | 20 | 1% |
| 39-40 | Plastics/Rubbers | 21 | 1% |
| 41-43 | Raw Hides, Skins, Leather, and Furs | 21 | 1% |
| 44-49 | Wood and Wood Products | 96 | 7% |
| 50-63 | Textiles | 235 | 16% |
| 64-67 | Footwear/Headgear | 26 | 2% |
| 68-71 | Stone/Glass | 71 | 5% |
| 72-83 | Metals | 98 | 7% |
| 84-85 | Machinery/Electrical | 704 | 48% |
| 86-89 | Transportation | 56 | 4% |
| 90-97 | Miscellaneous | 90 | 6% |
| Total | | 1472 | 100% |

Observing the overall restrictions (TS, ICL, and Banned) in sectors placed during the period from November 2017 to August 2022, most restrictions are in the Machinery/Electrical sector accounting for 22%. This is followed by the Transportation sector (19%), Textile (14%), and Chemical and Allied industries (14%).

Table 04: Summary of Products (at HS 8-digit level) under Import Restrictions

| HS Chapter Range | Product Description | Temporary Suspension (TS) | Import Control License (ICL) | Suspended ICL (SL) | Banned (B) | Total | Share |
|------------------|--------------------------------|---------------------------|------------------------------|--------------------|------------|-------|-------|
| 01-05 | Animal and Animal Products | 10 | 75 | 0 | 1 | 86 | 3% |
| 06-15 | Vegetable Products | 75 | 38 | 50 | 3 | 166 | 5% |
| 16-24 | Food Stuff | 24 | 42 | 0 | 0 | 66 | 2% |
| 25-27 | Mineral Products | 16 | 56 | 0 | 3 | 75 | 2% |
| 28-38 | Chemical and Allied industries | 27 | 411 | 1 | 36 | 475 | 14% |
| 39-40 | Plastics/Rubbers | 40 | 10 | 0 | 5 | 55 | 2% |

| | | | | | | | |
|-------|-------------------------------------|------|------|-----|----|------|------|
| 41-43 | Raw Hides, Skins, Leather, and Furs | 21 | 1 | 0 | 0 | 22 | 1% |
| 44-49 | Wood and Wood Products | 104 | 4 | 0 | 0 | 108 | 3% |
| 50-63 | Textiles | 235 | 242 | 6 | 0 | 483 | 14% |
| 64-67 | Footwear/Headgear | 29 | 4 | 0 | 0 | 33 | 1% |
| 68-71 | Stone/Glass | 103 | 15 | 2 | 0 | 120 | 4% |
| 72-83 | Metals | 98 | 30 | 0 | 0 | 128 | 4% |
| 84-85 | Machinery/Electrical | 704 | 27 | 38 | 1 | 770 | 22% |
| 86-89 | Transportation | 299 | 40 | 322 | 0 | 661 | 19% |
| 90-97 | Miscellaneous | 122 | 23 | 34 | 0 | 179 | 5% |
| Total | | 1907 | 1018 | 453 | 49 | 3427 | 100% |

Source: EIU calculations based on Imports and Exports Control Department Data

Annexure I

List of the Extraordinary Gazettes implemented since April 2020 to curtail imports.

1. [Imports and Exports \(Control\) Regulations No. 01 of 2020 published in the Gazette Extraordinary No. 2171/5 dated 16 April 2020](#)
2. [Imports and Exports \(Control\) Regulations No. 02 of 2020 published in the Gazette Extraordinary No. 2176/19 dated 22 May 2020](#)
3. [Imports and Exports \(Control\) Regulations No. 03 of 2020 published in the Gazette Extraordinary No. 2182/10 dated 30 June 2020](#)
4. [Imports and Exports \(Control\) Regulations No. 04 of 2020 published in the Gazette Extraordinary No. 2184/21 dated 16 July 2020](#)
5. [Imports and Exports \(Control\) Regulations No. 05 of 2020 published in the Gazette Extraordinary No. 2189/04 dated 18 August 2020](#)
6. [Imports and Exports \(Control\) Regulations No. 06 of 2020 published in the Gazette Extraordinary No. 2189/05 dated 18 August 2020](#)
7. [Imports and Exports \(Control\) Regulations No. 07 of 2020 published in the Gazette Extraordinary No. 2193/9 dated 15 September 2020](#)
8. [Imports and Exports \(Control\) Regulations No. 08 of 2020 published in the Gazette Extraordinary No. 2198/2 dated 19 October 2020](#)
9. [Imports and Exports \(Control\) Regulations No. 09 of 2020 published in the Gazette Extraordinary No. 2199/20 dated 29 October 2020](#)
10. [Imports and Exports \(Control\) Regulations No. 10 of 2020 published in the Gazette Extraordinary No. 2206/05 dated 14 December 2020](#)
11. [Imports and Exports \(Control\) Regulations No. 11 of 2020 published in the Gazette Extraordinary No. 2207/15 dated 24 December 2020](#)
12. [Imports and Exports \(Control\) Regulations No. 1 of 2021 published in the Gazette Extraordinary No. 2209/18 dated 05 January 2021](#)
13. [Imports and Exports \(Control\) Regulations No. 3 of 2021 published in the Gazette Extraordinary No. 2214/56 dated 11 February 2021](#)
14. [Imports and Exports \(Control\) Regulations No. 04 of 2021 published in the Gazette Extraordinary No. 2222/31 dated 06 April 2021](#)
15. [Imports and Exports \(Control\) Regulations No. 05 of 2021 published in the Gazette Extraordinary No. 2224/43 dated 23 April 2021](#)

16. [Imports and Exports \(Control\) Regulations No. 06 of 2021 published in the Gazette Extraordinary No. 2224/44 dated 23 April 2021](#)
17. [Imports and Exports \(Control\) Regulations No. 07 of 2021 published in the Gazette Extraordinary No. 2226/48 dated 06 May 2021](#)
18. [Imports and Exports \(Control\) Regulations No. 08 of 2021 published in the Gazette Extraordinary No. 2231/16 dated 11 June 2021](#)
19. [Imports and Exports \(Control\) Regulations No. 09 of 2021 published in the Gazette Extraordinary No. 2231/17 dated 11 June 2021](#)
20. [Imports and Exports \(Control\) Regulations No. 10 of 2021 published in the Gazette Extraordinary No. 2231/18 dated 11 June 2021](#)
21. [Imports and Exports \(Control\) Regulations No. 12 of 2021 published in the Gazette Extraordinary No. 2247/12 dated 29 September 2021](#)
22. [Imports and Exports \(Control\) Regulations No. 13 of 2021 published in the Gazette Extraordinary No. 2249/10 dated 11 October 2021](#)
23. [Imports and Exports \(Control\) Regulations No. 14 of 2021 published in the Gazette Extraordinary No. 2252/30 dated 03 November 2021](#)
24. [Imports and Exports \(Control\) Regulations No. 15 of 2021 published in the Gazette Extraordinary No. 2256/23 dated 30 November 2021](#)
25. [Imports and Exports \(Control\) Regulations No. 01 of 2022 published in the Gazette Extraordinary No. 2262/16 dated 11 January 2022](#)
26. [Imports and Exports \(Control\) Regulations No. 02 of 2022 published in the Gazette Extraordinary No. 2262/17 dated 11 January 2022](#)
27. [Imports and Exports \(Control\) Regulations No. 03 of 2022 published in the Gazette Extraordinary No. 2262/18 dated 11 January 2022](#)
28. [Imports and Exports \(Control\) Regulations No. 4 of 2022 published in the Gazette Extraordinary No. 2262/34 dated 13 January 2022](#)
29. [Imports and Exports \(Control\) Regulations No. 5 of 2022 published in the Gazette Extraordinary No. 2270/18 dated 09 March 2022](#)
30. [Imports and Exports \(Control\) Regulations No. 7 of 2022 published in the Gazette Extraordinary No. 2278/21 dated 06 May 2022](#)
31. [Imports and Exports \(Control\) Regulations No. 8 of 2022 published in the Gazette Extraordinary No. 2282/21 dated 31 May 2022](#)
32. [Imports and Exports \(Control\) Regulations No. 9 of 2022 published in the Gazette Extraordinary No. 2282/22 dated 31 May 2022](#)
33. [Imports and Exports \(Control\) Regulations No. 10 of 2022 published in the Gazette Extraordinary No. 2285/19 dated 24 June 2022](#)
34. [Imports and Exports \(Control\) Regulations No. 11 of 2022 published in the Gazette Extraordinary No. 2291/44 dated 05 August 2022](#)
35. [Imports and Exports \(Control\) Regulations No. 12 of 2022 published in the Gazette Extraordinary No. 2294/29 dated 23 August 2022](#)
36. [Imports and Exports \(Control\) Regulations No. 13 of 2022 published in the Gazette Extraordinary No. 2294/30 dated 23 August 2022](#)

Annexure 2

The table below provides an overview of Import Restrictions seen across regulations imposed since April 2020:

Table 05: Summary of Import Restrictions at HS 8-digit level

| Gazette Number and Date | Number of HS | Number of HS Codes in | Number of HS Codes in C -180 days | Changes in HS Codes in ICL | Changes in HS Codes in B |
|-------------------------|--------------|-----------------------|-----------------------------------|----------------------------|--------------------------|
|-------------------------|--------------|-----------------------|-----------------------------------|----------------------------|--------------------------|

| | Codes in TS | C - 90 days | | | |
|--|--------------------|--------------------|--|--|--------------------------|
| No. 2171/05 of 16 April 2020 | 749 | 633 | N/A | N/A | N/A |
| No. 2176/19 of 22 May 2020 | 1076 | 734 | Given under broad classifications - IT equipment, communication equipment, cement, sugar, and palm oil | Added - 1 Removed - 5 Suspended ² - 418 | 6 |
| No. 2182/10 of 30 June 2020 | 1079 ³ | 767 ⁴ | 117 | Added ⁵ - 33 Removed - 10 Suspended ⁶ - 27 | Removed - 4 Added - 2 |
| No. 2184/21 of 16 July 2020 | 829 | 796 | 132 | N/A | N/A |
| No. 2189/04 of 18 August 2020 | N/A | N/A | N/A | Added - 40 ⁷ Suspended indefinitely- 451 | Removed - 2 Added - 7 |
| No. 2193/9 of 15 September 2020 | 594 ⁸ | 1013 ⁹ | 131 ¹⁰ | N/A | N/A |
| No. 2198/2 of 19 October 2020 | 524 ¹¹ | 1087 ¹² | 130 ¹³ | N/A | N/A |
| No. 2199/20 of 29 October 2020 | N/A | N/A | N/A | Added - 9 ¹⁴ | N/A |
| No. 2206/05 of 14 | N/A | N/A | N/A | Added - 251 ¹⁵ | N/A |

² Suspension was valid till 17th August

³ Removed -19 from May and added -22 to May Gazette

⁴ Removed -18 from May and added -51 to May Gazette

⁵ 4 items out of 33 were imposed with an Import Control License Fee as given below

1. Salt- 0.2% of CIF value
2. Face mask- 0.2% of CIF value
3. Grain sorghum- 0.3% of CIF value
4. Saws- 0.4% of CIF value

⁶ Suspension was valid till 17th August 2020

⁷ The Import Control License Fee introduced in June continued

⁸ Removed – 16 from the July Gazette and 219 Transfers to C-90 days

⁹ Added – 219 (this was a transfer from the TS schedule of July to C-90 days). Removed -2 from the July Gazette

¹⁰ Removed -1 from the July Gazette

¹¹ 70 transferred to C-90 days

¹² 70 transferred to C-90 days and 4 more items added with description changes

¹³ Removed one HS code

¹⁴ An Import Control License Fee was also imposed on Sugar items of 0.4% of CIF value

¹⁵ An Import Control License Fee was also imposed as given below

1. Apparels and Fabrics - 1.0% of CIF value

| | | | | | |
|---|-------------------|--------------------|-------------------|--------------------------|------------|
| December 2020 | | | | Removed - 1 | |
| No. 2207/15 of 24 December 2020 | 503 ¹⁶ | 1036 ¹⁷ | 125 ¹⁸ | N/A | N/A |
| No. 2209/18 of 05 January 2021 | 508 ¹⁹ | 1031 ²⁰ | 125 | N/A | N/A |
| No. 2214/56 of 11 February 2021 | 505 ²¹ | 1034 ²² | 130 ²³ | Removed - 3 | N/A |
| No. 2222/31 of 06 April | N/A | N/A | 128 ²⁴ | Added - 3 ²⁵ | Added - 3 |
| No. 2224/43 of 23 April 2021 | N/A | N/A | N/A | Added - 8 | N/A |
| No. 2224/44 of 23 April 2021 | 512 ²⁶ | N/A | N/A | N/A | N/A |
| No. 2226/48 of 06 May 2021 | N/A | N/A | N/A | Added - 21 | Added - 16 |
| No. 2231/16 of 11 June 2021 | N/A | N/A | N/A | Added - 5 Removed - 1 | N/A |
| No. 2231/17 of 11 June 2021²⁷ | N/A | N/A | N/A | N/A | N/A |
| No. 2231/18 of 11 June 2021 | 442 ²⁸ | N/A | N/A | N/A | N/A |
| No. 2247/12 of 30 | N/A | N/A | N/A | Removed - 2 | N/A |

2. Fishing vessels and Yachts - 10.0% of CIF value

16 4 deleted from TS, 18 transferred from TS to C-90 and 1 transferred from C to TS

17 18 transferred from TS to C, 95 new additions, 1 transfer from C to TS and 163 removals

18 6 new additions and 1 removal

19 5 transferred from C-90 days to TS,

20 5 transferred from C-90 days to TS

21 5 transferred from TS to C-180days and 2 new additions

22 3 transfers from ICL to C-90 days

23 5 transferred from TS to C-180days

24 Removed - 2

25 Palm oil - 0.4% of CIF value

26 Added 7

27 This Gazette did not relate to import controls but rather required the recommendation of the NMRA to export Oxygen and respiratory apparatuses

28 Repealed July 2020 schedules and added 8 and removed 78 to TS (when compared to July 2020)

| | | | | | |
|--|-------------------|-----|-----|----------------------------|-------------|
| September 2021 | | | | | |
| No. 2252/30 of 03 November 2021 | 439 ²⁹ | N/A | N/A | N/A | N/A |
| No. 2256/23 of 29 November 2021 | N/A | N/A | N/A | Added - 1 | Added - 1 |
| No. 2262/17 of 11 January 2022 | N/A | N/A | N/A | Added - 7 Removed - 5 | N/A |
| No. 2262/18 of 11 January 2022 | 438 ³⁰ | N/A | N/A | N/A | N/A |
| No. 2262/34 of 13 January 2022 | N/A | N/A | N/A | Removed - 3 | N/A |
| No. 2270/18 of 10 March 2022 | N/A | N/A | N/A | Added - 367 | N/A |
| No. 2282/21 of 31 May 2022 | N/A | N/A | N/A | Removed- 367 ³¹ | N/A |
| No. 2291/44 of 05 August 2022 | N/A | N/A | N/A | Added - 1 | Removed - 1 |
| No. 2294/29 of 23 August 2022 | Removed - 2 | N/A | N/A | Added - 2 | N/A |
| No. 2294/30 of 23 August 2022 | Added - 1472 | N/A | N/A | | N/A |

Note: the products mentioned above are calculated based on the products specified in each Gazette.
N/A (Not Applicable) - Gazette did not cover this schedule

Previous briefs can be accessed through [Trade Watch](#). This is compiled by the Ceylon Chamber of Commerce (CCC) and the United States Agency for International Development (USAID) Partnership for Accelerating Results in Trade, National Expenditure, and Revenue (PARTNER) Activity.

For further details, /clarifications

²⁹ Removed - 3

³⁰ Removed – 3 and added - 2

³¹ Rescinded Gazette No. 2270/18 of 10 March 2022



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