

## Partnership for Accelerating Results in Trade, National Expenditure and Revenue (PARTNER) Activity

### **BRIEF ON THE CHANGES TO THE IMPORTS AND EXPORTS (CONTROL) ACT NO. I OF 1969 IN OCTOBER 2020**

#### **INTRODUCTION**

This is the third document in a series of briefs that aims to provide clarity and awareness on the changes observed in the Import and Export (Control) Regulation changes. The previous briefs analysed the gazettes published during April- September 2020 period and can be accessed through [Trade Watch](#). This brief analyses the changes from the gazette No. 2198/2 published on the 19<sup>th</sup> of October 2020<sup>1</sup>. This is compiled by the Ceylon Chamber of Commerce (CCC) and the USAID Partnership for Accelerating Results in Trade, National Expenditure and Revenue (PARTNER) Activity.

#### **KEY TAKEAWAYS FROM THE OCTOBER 2020 GAZETTE**

- Regulations published in the October 2020 Gazette is applicable to the importation of goods which have a date of Bill of Lading or Airway bill of 19<sup>th</sup> October or after.
- Similar to the September Gazette, two Import control tools were used in this regulations: Temporary Suspension (TS)<sup>2</sup> and Credit Basis (C)<sup>3</sup>.
- Continuation of the relaxation trends seen in September Gazette was noticed in October Gazette as well i.e. the transfer of items out of the TS list to the C – 90 days and amendments to HS description of products. These relaxations were seen across Chemical and Allied industries, Plastics/ Rubber, Raw Hides, Skins, Leather and Furs, Textile, Footwear/headgear, Stone/Glass, machinery/electrical, transportation and, kid's furniture sectors.

#### **KEY CHANGES OBSERVED**

##### **Interim Measures Introduced between the September and October Gazette**

- Although, the October Gazette reflected similar relaxation patterns seen in September Gazette, the apparel (chapter 61 and 62) transfers from TS to C - 90 days seen on September 15<sup>th</sup> Gazette was reversed through an operational instructions issued on 24<sup>th</sup> of September 2020. This operational instruction was subsequently reversed on 9<sup>th</sup> of October 2020. Therefore, a total of 213 HS codes at 8 digit in chapter 61 and 62 were back in the C- 90 days as stipulated in the September Gazette. (refer Annexure 01 for a summary of the Interim Measures Imposed)
- Another operation instruction was issued on the 28<sup>th</sup> of September 2020 mandating the use of Letter of Credit (LC) as the payment mode for importation and opening LC prior to the shipment.

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<sup>1</sup> This Gazette can be accessed at [http://www.imexport.gov.lk/images/pdf/Gazette\\_2198-2\\_E.pdf](http://www.imexport.gov.lk/images/pdf/Gazette_2198-2_E.pdf)

<sup>2</sup> Importation of goods temporary suspended under payment terms 3(1)(a), 3(1)(b), and 3(1)(c), of the Imports and Exports (Control) Regulations No. 1 of 2011 published in the Gazette Extraordinary No. 1739/3 dated 2 January 2012

<sup>3</sup> Importation of goods can only be done with a Credit facility of either 90-days or 180-days as assigned in the Gazette

## Relaxation of Import Controls

- The September and October Gazettes show a trend of relaxing import controls by transferring items in the TS to a C - 90 days. The October Gazette transferred 71 items to C - 90 days from TS. The success of this relaxation will depend on the exporters/importers ability to secure a credit period of 90 days from the foreign supplier and may impact their production, if they fail to gain the credit period. However, for exporters and importers this transfer from TS to C – 90 days may be beneficial as well as this will assist in inventory planning/production.

## Import Controls based on Description

- The past regulations were also showing trends of amending the HS description of the product to relax import controls<sup>4</sup>. This was continued in the October Gazette as well. (refer table 02 for the summary of products with all amended descriptions and its application - the text in red highlights the description amendments)

Table 01: Summary of products with all amended descriptions and its application

HS Code <sup>5</sup>	Description Amended	
	TS	C - 90 days
10063040 - J	Basmati Rice and long grain rice (except Basmati)	Basmati Rice and long grain rice (Basmati only)
39181000 - O	Of polymers of vinyl chloride (excluding yoga mat)	Of polymers of vinyl chloride (yoga mat only)
39189000 - O	Of other plastics (excluding yoga mat)	Of other plastics (yoga mat only)
39249090 - J	Other (Except hangers, Feeding Bottle, Baby Soother, Nipple Shield, Baby Teether only)	
39261090 - J	Other (Except UV treated Polythene for the use in poly houses for the production of value added agricultural crops only)	
40111090 - J	New pneumatic tyres, of rubber: Of a kind used on motor cars: Other – Rim Size 12, 13 & 14 inches	New pneumatic tyres, of rubber: Of a kind used on motor cars: Other – Rim Size except 12, 13 & 14 inches
40112019 - J	New pneumatic tyres, of rubber: Of a kind used on buses or lorries: Other – Rim Size 20 inches	New pneumatic tyres, of rubber: Of a kind used on buses or lorries: Other - Rim Size above 20 inches

<sup>4</sup> i.e. if a description of a HS code at a 8 digit level captures items 1,2,3,4 and 5, then the description was amended to restrict items 1, 2 and 3 while 4 and 5 can be imported without any import restrictions.

<sup>5</sup> Letter 'J' suggests the description was amended in July Gazette, 'S' suggests the description was amended in September Gazette and 'O' suggests description was amended in October Gazette.

40112090 - J	New pneumatic tyres, of rubber: Of a kind used on buses or lorries: Other – Rim Size below 17.5 inches	New pneumatic tyres, of rubber: Of a kind used on buses or lorries: Other - Rim Size 17.5 inches and above
40114000 - S	New pneumatic tyres, of rubber: Of a kind used on motorcycles (Rim size 10, 12, 16, 17 and 18 Only)	
87059091- O	g. v. w. not exceeding 4 tonnes, not more than seven years old (except Aerial Platform Trucks)	
87059093 - O	g. v. w. exceeding 4 tonnes, not more than seven years old (except Aerial Platform Trucks)	
87116010 - S	Motorcycles with electric motor for propulsion: Not more than three years old (except motor cycles which are used for disable mobility)	
94018090 - O	Other seats: Other (excluding kids items - car seats, baby cots)	Other seats: Other (kids items - car seats, baby cots only)
94042990 - O	Mattress supports: Other (excluding kids items - baby cots, mattress for kids)	Mattress supports: Other (including kids items - baby cots, mattress for kids only)

## OVERVIEW OF THE SECTOR IMPLICATIONS

Textile sector saw the highest number of transfers with 47 items moving from TS to C -90 days. This was followed by Raw Hides, Skins, Leather, and Furs sector with 17 items. Cards incorporating a magnetic stripe was removed from C -180 days. Sectors such as Plastics/Rubbers, Transportation and Kid's furniture saw changes to the description with items such as yoga mats and baby seats being added under the C – 90 days.

Table 02: Summary of Products under Import Controls in July, September and October Gazette<sup>6</sup>

HS Chapter Range	Product Description	No. 2184/21 of 16 July 2020		No. 2193/9 of 15 September 2020				No. 2198/2 of 19 October 2020			
		Temporary Suspension (TS)	Credit Basis (C)		Temporary Suspension (TS)	Credit Basis (C)			Temporary Suspension (TS)	Credit Basis (C)	
			90 Days	180 Days		90 Days	180 Days	90 Days		180 Days	
				-	+	-	-	-	+	-	

<sup>6</sup> Plus sign (+) indicates when items have been added to the relevant list and minus sign (-) indicates a removal

01-05	Animal and Animal Products	10	14	0	0	0	0	0	0	0	0
06-15	Vegetable Products	77	24	5	0	0	0	0	0	0	0
16-24	Food Stuff	27	27	4	0	0	0	0	0	0	0
25-27	Mineral Products	9	2	5	0	0	0	0	0	0	0
28-38	Chemical and Allied industries	11	34	0	1	0	0	0	3	3	0
39-40	Plastics/Rubbers	34	54	0	3	0	1	0	0	2	0
41-43	Raw Hides, Skins, Leather, and Furs	18	2	0	0	0	0	0	17	17	0
44-49	Wood and Wood Products	29	0	0	0	0	0	0	0	0	0
50-63	Textiles	260	2	0	213	213	0	0	47	47	0
64-67	Footwear/Headgear	7	42	0	0	0	0	0	3	3	0
68-71	Stone/Glass	54	13	0	3	0	0	0	1	1	0
72-83	Metals	9	303	0	0	0	0	0	0	0	0
84-85	Machinery/Electrical	0	246	82	0	0	1	1	0	0	1
86-89	Transportation	242	1	36	9	0	0	0	0	0	0
90-97	Miscellaneous	42	32	0	6	6	0	0	0	2	0
TOTAL		829	796	132	235	219	2	1	71	75	1

## SUMMARY OF IMPORT RESTRICTIONS

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

Table 03: Summary of Import Restrictions

Gazette Number and Date	Number of HS Codes in TS	Number of HS Codes in C - 90 days	Number of HS Codes in C -180 days	Changes in HS Codes in ICL	Changes in HS Codes in B
<b>No. 2171/05 of 16 April 2020</b>	749	633	N/A	N/A	N/A
<b>No. 2176/19 of 22 May 2020</b>	1076	734	Given under broad classifications - IT equipment, communication equipment, cement, sugar, and palm oil	Added -1 Removed -5 Suspended <sup>7</sup> -418	6
<b>No. 2182/10 of 30 June 2020</b>	1079 <sup>8</sup>	767 <sup>9</sup>	117	Added <sup>10</sup> -33 Removed -10 Suspended <sup>11</sup> -27	Removed-4 Added- 2
<b>No. 2184/21 of 16 July 2020</b>	829	796	132	N/A	N/A
<b>No. 2189/04 of 18 August 2020</b>	N/A	N/A	N/A	Added -40 Suspended indefinitely-451	Removed-2 Added -7
<b>No. 2193/9 of 15 September 2020</b>	594 <sup>12</sup>	1014 <sup>13</sup>	131 <sup>14</sup>	N/A	N/A
<b>No. 2198/2 of 19 October 2020</b>	523 <sup>15</sup>	1089 <sup>16</sup>	130 <sup>17</sup>	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

<sup>7</sup> Suspension was valid till 17th August

<sup>8</sup> Removed -19 from May and added -22 to May Gazette

<sup>9</sup> Removed -18 from May and added -51 to May Gazette

<sup>10</sup> 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

<sup>11</sup> Suspension was valid till 17th August 2020

<sup>12</sup> Removed – 16 from the July Gazette and 219 Transfers to C-90 days

<sup>13</sup> Added – 219 (this was a transfer from the TS schedule of July to C-90 days). Removed -2 from the July Gazette

<sup>14</sup> Removed -1 from the July Gazette

<sup>15</sup> 71 transferred to C-90 days

<sup>16</sup> 71 transferred to C-90 days and 4 more items added with description changes

<sup>17</sup> Removed one HS code

## Annexure I

Table 04: Summary of Interim Measures Introduced in comparison to the September Gazette

HS Chapter (Textile)	Extraordinary Gazette No. 21931/9 of 15 <sup>th</sup> September	Operational Instructions No. 15/2020 of 24 <sup>th</sup> September	Operational Instructions No. 16/2020 of 28 <sup>th</sup> September	Operational Instructions No. 18/2020 of 9 <sup>th</sup> October
HS 61 - 62  (a total of 213 HS codes at 8 digit)	Transferred from TS to C - 90 days	Transferred back to TS	#N/A	Operational Instructions No. 15/2020 of 24 <sup>th</sup> September was repealed. (Transferred to C -90 days)
HS 50 – 60  (a total of 246 HS codes at 8 digit)	#N/A	#N/A	Importation can only be done through Letters of Credit opened prior to the shipment	#N/A

## Annexure 2

List of the Extraordinary Gazettes implemented since April 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 6 \(Control\) 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](#)

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For further details, /clarifications



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