

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

INTRODUCTION

This is the 12th 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.

This brief analysis of the Gazette that was issued on September 9th, 2022 (refer below):

- [Imports and Exports \(Control\) Regulations No. 14 of 2022 published in the Gazette Extraordinary No. 2296/30 dated 09 September 2022](#)

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.

KEY TAKEAWAYS

- The Gazette made amendments to the Gazettes issued in August 2022 (No. 2296/30), June 2021 (No. 2231/18), and August 2020 (No. 2189/04). These changes include extending the leniency period, changes to the schedules and further exemptions provided.
- This Gazette extended the exemption period granted in the August 2022 Gazette to September 30th, 2022 from September 14th, 2022. Therefore, goods shipped with a date of Bill of Lading / Airway Bill on or before August 23rd, 2022, will be allowed until September 30th, 2022.
- This Gazette removed TS restrictions for 708 items at the HS 8-digit level and added 4 Ceramic items. The Machinery/Electrical sector saw the highest number of goods being removed from TS with a share of 80%.
- A total of 2724 items as of September 9th, 2022 are under TS, Import Control License (ICL), Suspended ICL (SL), and Banned restrictions placed during the period from November 2017 to September 2022. A total number of 1,203 items are in TS alone, which is estimated to be about 15% of total HS codes at 8-digit (tariff lines) in Sri Lanka.
- Several exemptions were also provided such as if a product is manufactured with a minimum of 20% local value addition, then raw materials and intermediate goods for this product are allowed for importation.

KEY CHANGES OBSERVED

Extension of the Leniency Period

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

This Gazette extended the exemption period granted in the August 2022 Gazette (No. 2296/30) to September 30th, 2022 from September 14th, 2022. Therefore, goods shipped with a date of Bill of Lading / Airway Bill on or before August 23rd, 2022, will be allowed until September 30th, 2022.

Furthermore, a good with a Letter of Credit (LC) established on or before August 23rd, 2022, or an advance payment of a minimum of 10% of the total amount, effected on or before August 23rd, 2022 is also allowed for customs clearance provided that proof of documents is shown.

Changes to Schedules

The Gazette removed TS restrictions for 708 items at the HS 8-digit level and added 4 Ceramic items to the same list. The Machinery/Electrical sector saw the highest number of goods being removed from TS with a share of 80%. The table below provides a summary of the top sectors that were removed from TS.

Table 01: Summary of Top Sectors (at HS 8-digit level) removed from TS in September 2022

HS Chapter Range	Product Description	Temporary Suspension (TS)	Share
39-40	Plastics/Rubbers	20	3%
44-49	Wood and Wood Products	15	2%
50-63	Textiles	28	4%
68-71	Stone/Glass	14	2%
72-83	Metals	31	4%
84-85	Machinery/Electrical	569	80%
90-97	Miscellaneous	11	2%

Furthermore, Energy drinks under the HS code 2202.99.30 have been temporarily suspended from the ICL, amending the August 2020 Gazette.

Exemptions Provided

A number of exemptions have been provided making amendments to the August 2022 and June 2021 Gazettes. The below table provides a summary of the exemptions provided by their approving entity.

Table 02: Summary of exemptions provided

Name	Description	Approving Entity
Raw materials and intermediate goods	Products with a minimum of 20% local value addition	Controller General (CG) of Imports and Exports on the recommendation of the Secretary, Ministry of Industries (MoI)

Capital goods	Not available locally and required for continued operations of any local industries	CG on the recommendation of the Secretary, Mol
Fisheries related activities	Any vessels and floating structures, machinery, equipment, and accessories including parts	CG on the recommendation of the Secretary, Ministry of Fisheries
Franchise holders/operators	Any international food and beverage chains, established in the country (except vehicles and auto parts)	Special License, issued on a quarterly basis by the Controller General of Imports and Exports.
Government Projects or Essential Government Services	For the purpose of direct use including for operations and maintenance of any Government entity, which are providing essential services or supplies or Government Funded Project Entities	CG on the recommendation of the Secretary to the line ministry in charge of the subject.
Project-related Capital Goods	Including international brands imported by registered agents, for the purpose of any Strategic Development Projects or other projects, which are funded by foreign direct investors or local investors approved under Section 17 of the BOI Act. Loans from any local banks cannot be used for the importation of these goods	On the recommendation of the Director General of BOI. The recommendation must be submitted to the bank and Customs to affect the payment and for Customs clearance, respectively.
Local Suppliers (Indirect Exporters)	Local suppliers, who supply goods to exporters who receive payments in foreign currency and make payments for the importation of goods for such supply using the Foreign Currency so received to their Business Foreign Currency Accounts or Offshore Foreign Currency Accounts.	Endorsed Commercial Invoice by the bank should be submitted to Sri Lanka Customs for clearance
Indian Credit Line	Goods imported under the Indian Credit Line	CG on the recommendation of the Director General, Department of External Resources.

Authorized Dealers	For the purpose of replacement of defective equipment, machinery, or parts or repairs as part of the manufacturer's warranty/guarantee	CG on a case-by-case basis
Operators of Duty-free Shops or Ship Stores	For direct sales or bonded warehouse for re-export purposes	Director General of Customs
Any other requests	Any enterprise, which was not addressed by June 2021 Gazette for the purpose of direct usage and not for trading purposes	CG on a case-by-case basis subject to the approval of the Minister of Finance on the recommendation of the Secretary to the Treasury

OVERVIEW OF THE SECTOR IMPLICATIONS

Observing the overall restrictions (TS, ICL, SL and Banned) in sectors placed during the period from November 2017 to September 2022, most restrictions are in the Transportation sector (24%), Textile (17%), and Chemical and Allied industries (17%).

Table 03: 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	6%
16-24	Food Stuff	24	42	1	0	67	2%
25-27	Mineral Products	11	56	0	3	70	3%
28-38	Chemical and Allied industries	26	411	1	36	474	17%
39-40	Plastics/Rubbers	20	10	0	5	35	1%
41-43	Raw Hides, Skins, Leather, and Furs	11	1	0	0	12	0%
44-49	Wood and Wood Products	89	4	0	0	93	3%
50-63	Textiles	207	242	6	0	455	17%
64-67	Footwear/Headgear	25	4	0	0	29	1%
68-71	Stone/Glass	93	15	2	0	110	4%
72-83	Metals	67	30	0	0	97	4%
84-85	Machinery/Electrical	135	27	38	1	201	7%
86-89	Transportation	299	40	322	0	661	24%

90-97	Miscellaneous	111	23	34	0	168	6%
Total		1203	1018	454	49	2724	100%
Share against Total Tariff Lines		15%	13%	6%	1%	35%	

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 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](#)
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](#)
37. [Imports and Exports \(Control\) Regulations No. 14 of 2022 published in the Gazette Extraordinary No. 2296/30 dated 09 September 2022](#)

Annexure 2

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

Table 04: Summary of Import Restrictions at HS 8-digit level

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
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

² Suspension was valid till 17th August

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 December 2020	N/A	N/A	N/A	Added - 251 ¹⁵ Removed -1	N/A
No. 2207/15 of 24 December 2020	503 ¹⁶	1036 ¹⁷	125 ¹⁸	N/A	N/A

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
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

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 September 2021	N/A	N/A	N/A	Removed - 2	N/A
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

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)

²⁹ Removed - 3

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	N/A
No. 2296/30 of 09 September 2022	Removed – 708 and Added - 4	N/A	N/A	Suspended - 1	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

For further details, /clarifications



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³⁰ Removed – 3 and added - 2

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