

ANNEX 9B

**SCHEDULE OF RESERVATIONS AND NON-CONFORMING
MEASURES FOR INVESTMENT**

SRI LANKA

LIST A

Explanatory Notes

1. This Schedule is made pursuant to Chapter 9 (Investment) only. Any commitment of Sri Lanka made pursuant to Chapter 8 (Trade in Services) is found in Sri Lanka's Schedule in Annex 8B (Schedule of Specific Commitments – Sri Lanka).
2. For the purposes of liberalisation, the Chapter 9 (Investment) shall apply to investment, subject to Article 9.9 (Reservations and Non-Conforming Measures), in the following non-service sectors:
 - (a) manufacturing;
 - (b) agriculture;
 - (c) fisheries;
 - (d) forestry; and
 - (e) mining and quarrying.
3. List A sets out, pursuant to Article 9.9 (Reservations and Non-Conforming Measures), Sri Lanka's measures that do not conform to the obligations under:
 - (a) Article 9.3 (National Treatment);
 - (b) Article 9.4 (Most-Favoured Nation Treatment);
 - (c) Article 9.7 (Performance Requirements); or
 - (d) Article 9.8 (Senior Management and Board of Directors).

4. List A and List B, pursuant to Article 9.9 (Reservations and Non-Conforming Measures), follow the negative list with two-list approach as follows:

(a) List A sets out commitments in relation to existing non-conforming measures. Paragraph 1 of Article 9.9 (Reservations and Non-Conforming Measures) applies to this List only; and

(b) List B sets out policy flexibility in relation to measures in sectors, subsectors, and activities.

5. Sri Lanka may add, withdraw or modify any of its reservations as set out in List A for a period of 24 months from the date of entry into force of this Agreement, provided that relevant non-conforming measure is in existence as of that date. Any such addition, withdrawal or modification will be notified to Thailand, including the relevant laws and regulations. Such reservation shall be deemed to be part of this Schedule upon such notification.

6. Each entry in List A shall set out the following elements, where applicable:

(a) **Sector** refers to sector or sectors for which an entry is made;

(b) **Subsector** refers to specific industries, products, and activities for which an entry is made;

(c) **Industry Classification** refers to the activities covered by the entry according to the International Standard Industrial Classification (ISIC) Revision 4.

As necessary and appropriate, Sri Lanka may specify the exact coverage of the entry if the entry does not exactly conform to the classification system;

(d) **Level of Government** specifies the level of government (e.g., Central, Regional, Provincial or Local) maintaining the measure for which an entry is made;

(e) **Type of Obligation** refers to the obligation of Article 9.3 (National Treatment), Article 9.4 (Most-Favoured-Nation Treatment), Article 9.7 (Performance Requirements) or Article 9.8 (Senior Management and Board of Directors), as the case may be, which does not apply to the listed measure;

(f) **Description of Measure** describes measures that do not conform to Article 9.3 (National Treatment), Article 9.4 (Most-Favoured-Nation Treatment), Article 9.7 (Performance Requirements), or Article 9.8 (Senior Management and Board of Directors) for which an entry is made; and

(g) **Source of Measure** is identified for transparency purposes only, for existing measures that apply to the sector, subsector, or activity covered by the entry.

7. In the interpretation of any entry, all elements of the entry shall be considered. The Description of Measure element shall prevail over all other elements.

8. These Explanatory Notes form an integral part of List A.

1.

Sector		Fisheries
Subsector(s)		Coastal Fishing
Industry Classification		-
Level of Government		All levels
Type of Obligation		National Treatment
Description of Measure		Non-resident investors ¹ are not permitted to invest in voting shares of a company engaged in any activity related to coastal fishing.
Source of Measure		- Fisheries and Aquatic Resources Act No. 2 of 1996 - Foreign Exchange Act No. 12 of 2017 and their subsequent amendments, subsidiary legislation, regulations, and orders.

2.

Sector		Manufacturing
Subsector(s)		Lotteries (including manufacture of lotteries)
Industry Classification		-
Level of Government		All levels
Type of Obligation		National Treatment Senior Management and Board of Directors

¹ Non-Resident Investors shall mean any person resident outside Sri Lanka, country funds, regional funds, investment funds, and mutual funds established outside Sri Lanka.

Description of Measure	Only the relevant Legal or Administrative Authority established by the Government of Sri Lanka can approve the foreign shareholding percentage of an incorporated company engaged in the manufacture of Lotteries.
Source of Measure	- Development Lotteries Board Act No. 20 of 1997 - National Lotteries Board Act No. 11 of 1963 - Foreign Exchange Act No.12 of 2017 and their subsequent amendments, subsidiary legislation, regulations, and orders.

3.

Sector	Manufacturing
Subsector(s)	Arms and Explosives
Industry Classification	-
Level of Government	All levels
Obligations Concerned	National Treatment Prohibition of Performance Requirements Senior Management and Board of Directors
Description	Only the relevant Legal or Administrative Authority established by the Government of Sri Lanka can approve the foreign shareholding percentage of an incorporated company engaged in the manufacture of arms and explosives.
Existing Measures	Explosives Act No. 21 of 1956 Industrial Promotion Act No. 46 of 1990 Foreign Exchange Act No. 12 of 2017 and their subsequent amendments, subsidiary legislation, regulations, and orders.

LIST B

Explanatory Notes

1. This Schedule is made pursuant to Chapter 9 (Investment) only. Any commitment of Sri Lanka made pursuant to Chapter 8 (Trade in Services) is found in Sri Lanka's Schedule in Annex 8B (Schedule of Specific Commitments).

2. For the purposes of liberalisation, Chapter 9 (Investment) shall apply to investment, subject to Article 9.9 (Reservations and Non-Conforming Measures), in the following non-service sectors:

- (i) manufacturing;
- (ii) agriculture;
- (iii) fisheries;
- (iv) forestry; and
- (v) mining and quarrying

3. List B sets out, pursuant to Article 9.9 (Reservations and Non-Conforming Measures), Sri Lanka's measures that do not conform to the obligations under:

- (a) Article 9.3 (National Treatment);
- (b) Article 9.4 (Most-Favoured-Nation Treatment);
- (c) Article 9.7 (Performance Requirements); or
- (d) Article 9.8 (Senior Management and Board of Directors).

4. List A and List B pursuant to Article 9.9 (Reservations and Non-Conforming Measures) follow the negative list with two-list approach as follows:

(a) List A sets out commitments in relation to existing non-conforming measures. Paragraph 1 of Article 9.9 (Reservations and Non-Conforming Measures) applies to this List only; and

(b) List B sets out policy flexibility in relation to measures in sectors, subsectors, and activities.

5. Each entry in List B sets out the following elements, where applicable:

(a) **Sector** refers to the sector or sectors for which an entry is made;

(b) **Subsector** refers to the specific industries, products, and activities for which the entry is made;

(c) **Industry Classification** refers to the activity covered by the entry, according to the International Standard Industrial Classification (ISIC) Revision 4.

As necessary and appropriate, Sri Lanka may specify the exact coverage of the entry if the entry does not exactly conform to the classification system;

(d) **Level of Government** specifies the level of government (e.g., Central, Regional, Provincial or Local) maintaining the measure for which the entry is made;

(e) **Type of Obligation** refers to the obligations of Article 9.3 (National Treatment), Article 9.4 (Most-Favoured-Nation Treatment), Article 9.7 (Performance Requirements) or Article 9.8 (Senior Management and Board of Directors), as the case may be, which does not apply to the listed measure;

(f) **Description of Measure** describes measures that do not conform to Article XX.3 (National Treatment), Article 9.4 (Most-Favoured-Nation Treatment), Article 9.7 (Performance Requirements), or Article 9.8 (Senior Management and Board of Directors) for which the entry is made; and

(g) **Source of Measure** is identified for transparency purposes only, for existing measures that apply to the sector, subsector, or activity covered by the entry.

6. In the interpretation of any entry, all elements of the entry shall be considered. The Description of Measure element shall prevail over all other elements.

7. These Explanatory Notes form an integral part of List B.

1.

Sector	Agriculture
Sub-Sector	
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to an investor or investment in any activity related to agriculture.
Source of Measure	-

2.

Sector	Forestry
Sub-Sector	
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to an investor or investment in any activity related to forestry.
Source of Measure	-

3.

Sector	Fisheries
Sub-Sector	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to an investor or investment in any activity related to fisheries.
Source of Measure	-

4.

Sector	Mining and Quarrying
Sub-Sector	
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to an investor or investment in any activity related to mining and quarrying.
Source of Measure	-

5.

Sector	Energy
Sub-Sector	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to an investor or investment in any activity related to the energy sector.
Source of Measure	-

6.

Sector	Manufacturing
Sub-Sector	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to an investor or investment in all manufacturing sectors except for subsectors below, where a foreigner is allowed to obtain up to 100 per cent of registered capital in the investment: <ul style="list-style-type: none"> - Manufacture of electronic components and boards (ISIC 2610); - Manufacture of computers and peripheral equipment (ISIC 2620); - Manufacture of consumer electronics (ISIC 2640); - Manufacture of parts and accessories for motor vehicles (ISIC 2930);

	<ul style="list-style-type: none"> - Manufacture of motor vehicles (ISIC 2910); - Weaving of textiles (except Handloom weaving) (ISIC 1312); - Manufacture of knitted and crocheted fabrics (ISIC 1391); - Manufacture of other textile n.e.c. (ISIC 1399); - Preparation and spinning of textile fibers (except Preparation of Coir) (ISIC 1311); - Finishing of textile (except Batik industry) (ISIC 1313); - Manufacture of machinery for textile, apparel and leather production (ISIC 2826); - Manufacture of other special purpose machinery (ISIC 2829); - Manufacture of optical instruments and photographic equipment (ISIC 2670); - Manufacture of magnetic and optical media (ISIC 2680); - Manufacture of irradiation, electromedical and electrotherapeutic equipment (ISIC 2660); - Manufacture of measuring, testing, navigating and control equipment (ISIC 2651); - Manufacture of batteries and accumulators (ISIC 2720); - Manufacture of pharmaceuticals, medicinal chemical and botanical products (except indigenous/ayurvedic medicaments, botanical products) (ISIC 2100); - Manufacture of glass and glass products (ISIC 2310); - Reproduction of recorded media (ISIC 1820); - Canning of Fish (ISIC 1020); - Manufacture of medical and dental instruments and supplies (ISIC 3250); - Manufacture of air and spacecraft and related machinery (ISIC 3030); - Routine repair of aircraft (ISIC 3315); - Manufacture of steam generators, except central heating hot water boilers (ISIC 2513); - Manufacture of ovens, furnaces & furnace burners (ISIC 2815); - Manufacture of lifting and handling equipment (ISIC 2816); - Manufacture of engine and turbines, except aircraft, vehicle and cycle engine (ISIC 2811);
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	<ul style="list-style-type: none"> - Manufacture of bearings, gears, gearing and driving elements (ISIC 2814); - Manufacture of prepared animal feeds (except manufacture of prepared feeds for farm animals, including animal feed concentrates and feed supplements) (ISIC 1080); - Manufacture of technical or laboratory articles of precious metal (ISIC 3211); - Manufacture of mechanically and electrically sounding musical instruments (ISIC 3220); - Manufacture of Games and Toys (other than from locally sourced timber) (ISIC 3240); and - Manufacture of: <ul style="list-style-type: none"> (i) Food products of fruits and vegetables including packing, canning (ISIC 1030); (ii) processing and preserving nuts, potatoes and manioc (ISIC 1030); (iii) Nut, food and pastes (peanut butter) (ISIC 1030).
Source of Measure	-

7.

Sector	All New sectors/ not elsewhere classified
Sub-Sector	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Most Favoured Nation Treatment Performance Requirements Senior Management and Board of Directors

Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure relating to a sector or subsector which is specified as “not elsewhere classified (n.e.c.)” in ISIC Revision 4 at the date of entry into force of this Agreement for Sri Lanka.
Source of Measure	-

8.

Sector	All Sectors
Subsector(s)	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure in relation to acquisition or usage of land in Sri Lanka, including the development or usage of land or the type of activities which may be conducted on land in accordance with its laws and policies relating to land zoning, land usage, urban planning, development control, conservation, and preservation, environmental protection, nature reserves, and national parks. However, a foreign national or a domestic incorporated company with majority foreign shareholding may lease or hire land and own apartments.
Source of Measure	- Land (Restrictions on Alienation) Act No. 38 of 2014 - Land Acquisition Act No. 9 of 1950 - Land Grants (Special Provisions) Act No. 43 of 1979 - Land Development Ordinance No. 19 of 1935 - Land Resumption Ordinance No. 4 of 1887 - State Lands Ordinance No. 8 of 1947 - State Lands Encroachments Ordinance No. 12 of 1840 - State Lands (Recovery of Possession) Act No. 7 of 1979 - Mahaweli Authority of Sri Lanka Act No. 23 of 1979 - National Environmental Act No. 56 of 1988 - Urban Development Projects (Special Provisions) Act No. 2 of 1980 - Fauna and Flora Protection Ordinance No. 2 of 1937

	and their subsequent amendments, subsidiary legislation, regulations, and orders.
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9.

Sector	All sectors
Sub-Sector	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Most Favoured Nation Treatment Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to: 1. devolution to the private sector of any investment in the exercise of government authority at the date of entry into force of this Agreement; 2. the privatisation of an entity or asset owned wholly or partially by the government; and 3. divestment of an asset through transfer or disposal of equity interests or assets owned wholly or partially by the government.
Source of Measure	- Conversion of Public Corporation or Government Owned Business Undertakings into Public Companies Act No. 23 of 1987 - Companies Act No. 7 of 2007 - Finance Act No. 38 of 1971 and their subsequent amendments, subsidiary legislation, regulations, and orders.

10.

Sector	All sectors
Sub-Sector	-
Industry Classification	-
Level of Government	All levels

Type of Obligation	National Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to an investor or investment relating to portfolio investments.
Source of Measure	-

11.

Sector	All sectors
Sub-Sector	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Most Favoured Nation Treatment
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to an investor or investment relating to foreign exchange transactions by a non-resident and any measure relating to transactions in, and holdings of, local currency by a non-resident, for the prevention of Sri Lanka Rupee speculation. Note: Examples of measures to prevent Sri Lanka Rupee speculation include: - measures to limit Sri Lanka Rupee liquidity; and - measures to curb capital inflows
Source of Measure	- Foreign Exchange Act No. 12 of 2017 - Central Bank of Sri Lanka Act No. 16 of 2023 - Banking Act No. 30 of 1988 and their subsequent amendments, subsidiary legislation, regulations, and orders.

12.

Sector	All sectors
Sub-Sector	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to small and medium enterprises.
Source of Measure	-

13.

Sector	All sectors
Sub-Sector	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	SL reserves the right to adopt or maintain any measure that accords preferences or provides favourable treatment to any minority person or disadvantaged person.
Source of Measure	Protection of Rights of Disabilities Act No. 28 of 1996 and its subsequent amendments, subsidiary legislation, regulations, and orders.

14.

Sector	All sectors
Sub-Sector	Establishment and Maintenance of Export Processing Zones, Industrial Processing Zones, Industrial Parks, Special Economic Zones, and other similar areas to attract investment
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Most Favoured Nation Treatment Prohibition on Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to Export Processing Zones, Industrial Processing Zones, Industrial Parks, Special Economic Zones, and other similar areas to attract investment
Source of Measure	- Board of Investment Law No. 4 of 1978 - Industrial Development Act No. 36 of 1969 and their subsequent amendments, subsidiary legislation, regulations, and orders.

15.

Sector	All sectors
Sub-Sector	-
Industry Classification	-
Level of Government	Central level
Type of Obligation	National Treatment Performance Requirements Senior Management and Board of Directors

Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure with respect to an investor or investment relating to environment, health, and culture.
Source of Measure	-

16.

Sector	All service sectors
Sub-Sector	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Most Favoured Nation Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measure relating to investment in service sectors.
Source of Measure	-

17.

Sector	All sectors
Sub-Sector	-
Industry Classification	-
Level of Government	All levels

Type of Obligation	National Treatment Most Favoured Nation Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt any measure relating to natural resources within the territory of Sri Lanka.
Source of Measure	-

18.

Sector	All sectors
Sub-Sector	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	National Treatment Most Favoured Nation Treatment Performance Requirements Senior Management and Board of Directors
Description of Measure	Sri Lanka reserves the right to adopt or maintain any measures relating to national defence, public order and security, arms and ammunition, explosives, river ports, sea ports, and airports.
Source of Measure	- The Constitution of Democratic Socialist Republic of Sri Lanka 1978 - Penal Code No. 2 of 1883 - Code of Criminal Procedure Act No. 15 of 1979 - Prevention of Terrorism Act No. 48 of 1979 - Public Securities Ordinance No. 25 of 1947 - Sri Lanka Air Force Act No. 41 of 1949 - Sri Lanka Army Act No. 17 of 1949 - Sri Lanka Navy Act No. 34 of 1950 - Sri Lanka Police Ordinance No. 16 of 1865 - Convention on the Suppression of Terrorist Financing Act No. 25 of 2005

	<ul style="list-style-type: none"> - The Suppression of Terrorist Bombings Act No. 11 of 1999 - Prevention of Hostage Taking Act No. 41 of 2000 - Offences Against Aircraft Act No. 24 of 1982 - Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation Act No. 31 of 1996 - Suppression of Unlawful Acts against the Safety of Maritime Navigation Act No. 42 of 2000 - Prevention and Punishment of Crimes against Internationally Protected Persons Act No. 15 of 1991 - Prevention of Money Laundering Act No. 5 of 2006 <p>and their subsequent amendments, subsidiary legislation, regulations, and orders.</p>
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19.

Sector	All sectors
Sub-Sector	-
Industry Classification	-
Level of Government	All levels
Type of Obligation	<p>National Treatment</p> <p>Most Favoured Nation Treatment</p> <p>Performance Requirements</p> <p>Senior Management and Board of Directors</p>
Description of Measure	<p>Sri Lanka reserves the right to adopt or maintain any measure relating to the admission of a foreign investment into Sri Lanka under investment promotion law and its subsequent amendments, subsidiary legislation, regulations, and orders, in line with national interests, including consumer protection, customs, traditions, cultural heritage, religion, technology transfer, research and development, and social impact.</p>
Source of Measure	<ul style="list-style-type: none"> - Board of Investment Law No. 4 of 1978 - Strategic Development Project Act No. 14 of 2008 - Finance Act No. 12 of 2012 - Commercial Hub Regulations - Foreign Exchange Act No. 12 of 2017 - Companies Act No. 7 of 2007 <p>and their subsequent amendments, subsidiary legislation, regulations, and orders.</p>

20.

Sector	All Sectors
Subsector(s)	Restrictions on capital transactions carried out by Non-resident Investors
Level of Government	All levels
Type of Obligation	National Treatment
Description of Measure	Sri Lanka reserves the right to adopt measures with respect to capital transactions of non-resident investors. ²
Source of Measure	<ul style="list-style-type: none"> - Foreign Exchange Act No. 12 of 2017, as amended and Regulations published thereof - Securities and Exchange Commission Act No. 19 of 2021 - Companies Act No. 7 of 2007 - Local Treasury Bills Ordinance No. 8 of 1923 - Registered stock and securities Ordinance No. 7 of 1937, as amended - Central Bank of Sri Lanka Act No. 16 of 2023 - Banking Act No. 30 of 1988 and their subsequent amendments, subsidiary legislation, regulations, and orders.

² Non-Resident Investors shall mean any person resident outside Sri Lanka, country funds, regional funds, investment funds, and mutual funds established outside Sri Lanka.