

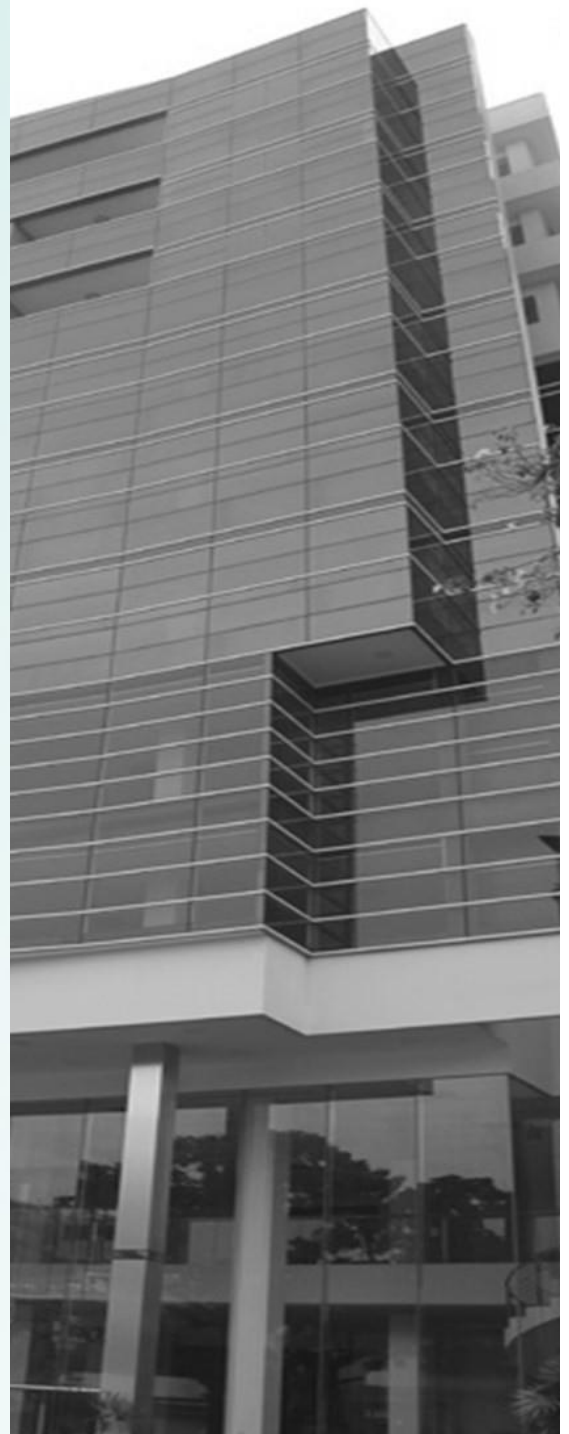


**BIT/2021/1**

**SEPTEMBER 2021**

---

**A BRIEF STUDY ON SRI LANKA'S TRADE  
UNDER INDO - SRI LANKA FREE TRADE  
AGREEMENT (ISFTA) WITH A MAIN FOCUS  
ON SRI LANKA'S IMPORTS**



**DEPARTMENT OF COMMERCE**

**No.492, 2<sup>nd</sup> Floor  
L. H. P. Building , R.A.de Mel  
Mawatha  
Colombo 03  
011- 2329733/2346114/**

## Brief study on Sri Lanka's Trade under Indo - Sri Lanka Free Trade Agreement (ISFTA) with a focus on Sri Lanka's imports

### 1. Trade under ISFTA

The value of Sri Lanka's exports to India under ISFTA was higher than its imports as depicted in table 1 below though Sri Lanka has been sustaining a heavily unfavorable trade balance in terms of the total trade.

**Table I – Trade Balance - Total Trade vs. Preferential Trade under ISFTA**

Value in US\$ Mn.

Year	Total Trade			Trade under ISFTA		
	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance
2015	643.04	4,273.30	(3,630.26)	407.28	253.31	153.97
2016	551.21	3,827.50	(3,276.29)	375.25	186.73	188.52
2017	689.48	4,495.99	(3,806.51)	442.29	257.04	185.25
2018	768.71	4,158.18	(3,389.47)	481.35	246.87	234.48
2019	759.03	3,830.85	(3,071.83)	489.69	198.74	290.95
2020	602.32	3,002.09	(2,399.77)	358.43	158.58	199.85

Source: Sri Lanka Customs

### 2. Sri Lanka's imports under ISFTA

Sri Lanka's imports under ISFTA in 2020 accounted only for 5% (US\$ 158.6 Mn) of the Sri Lanka's total imports from India in the same year. (US\$ 3,002.9 Mn.) The salient features of the Sri Lanka's imports from India under ISFTA are given below.

#### A. Sri Lanka's imports from India – top 100 import tariff lines at 6 digits level

Sri Lanka's top 100 import tariff lines at 6 digits level from India in 2020 accounted for 70% (US\$ 2,106.2 Mn.) of the total imports from India in 2020 (US\$ 3,002.9 Mn.). The Table II below depicts the breakdown of the same.

**Table II – Sri Lanka's imports from India – top 100 import tariff lines at 6 digits level**

Value in US\$ Mn.

Description	Number of tariff lines at 6 digits	Import value	
		Total	Under ISFTA
Imports under Negative list	25	794.50	16.60
Imports where general duty is zero	63	1,219.60	1.80
Imports with FTA concessions	12	92.10	52.30
<b>Total</b>	<b>100</b>	<b>2,106.20</b>	<b>70.70</b>

Source: Sri Lanka Customs

As per Table II, products under 12 tariff lines out of top 100 tariff lines were imported under the ISFTA in 2020 with a value of US\$ 92.1 Mn from the total value of the top 100 tariff lines (US\$ 2,106.2 Mn).

The remaining tariff lines (88 tariff lines) are either in the Negative list of Sri Lanka under the ISFTA or are duty free on MFN basis and therefore such imports have not been influenced by ISFTA concessions.

Further, it is important to note that all first top 30 import items from India in 2020 have not benefited from tariff concessions under ISFTA (outside the FTA), the value of which is equivalent to over 1.5 US\$ Billion.

***“Sri Lanka’s imports under ISFTA in 2020 accounted only for 5% (US\$ 158.6 Mn.) of the Sri Lanka’s total imports from India”***

### **B. Sri Lanka’s imports from India – Chapter-wise**

As per the table III, Sri Lanka has not imported any products under 47 chapters out of 97 chapters under ISFTA in 2020 whereas less than one million US\$ worth of products per chapter were imported under 30 Chapters. Values over US\$ one million of imports per chapter were recorded only under 20 Chapters.

**Table III - Sri Lanka’s imports from India – Chapter-wise**

Value in US\$ Mn.

Imports under ISFTA	No. of chapters	Import value	
		Total	Under ISFTA
No imports	47	940.40	-
US\$ 0.00 - 1.00 Mn.	30	800.50	4.40
Over US\$ 1.00 Mn.	20	1,261.20	154.20
<b>Total</b>	<b>97</b>	<b>3,002.10</b>	<b>158.60</b>

Source: Sri Lanka Customs

**Department of Commerce**  
**30.09.2021**

You can REGISTER to get BIT directly to your mailbox

Click here <https://forms.gle/rXiVnEBGCg2md7Vf7>

Scan QR

