

Foreign Trade

Sri Lanka, a founder member of the GATT/WTO, is the first South Asian country to effectively open up its economy through market-oriented reforms. The unilateral reforms initiated in late 1970s and numerous free-market measures introduced thereafter by the successive governments have made Sri Lanka one of the most liberal destinations for trade and investment.

The pro-business environment of Sri Lanka also include a range of other salutary dynamics such as the strategic location of the island, improved infrastructure with sea & air connectivity, well-educated and easily trainable workforce and higher living standards.

In addition to its commitments under the WTO, Sri Lanka continues to advance its integration into the global economy by liberalising its trade regime through a number of bilateral and regional trade agreements. Sri Lanka has already concluded free trade agreements with India and Pakistan, while negotiations are now underway for a similar agreement with China. The three agreements provide duty free access to a huge export market, which accommodate almost 40% of the entire world population.

Sri Lanka has been a founder member of two regional agreements, namely, South Asia Free Trade Area (SAFTA) and Asia-Pacific Preferential Trade Agreement (APTA), which was formerly known as the Bangkok Agreement. It is currently in the process negotiating another regional free trade agreement within the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

Sri Lanka has also been a beneficiary of concessionary market access for a wide range of products in the European Union and the United States of America under their Generalised System of Preferences (GSP) schemes.

Sri Lanka - UK Trade At a glance

Accounting for about 10% of Sri Lanka's total exports to the world, the United Kingdom ranks

the second largest export market for Sri Lanka after the USA. The total value of Sri Lanka's exports to the UK in 2014 stood around US\$ 1,115 millions. Sharing over 80% of this figure, articles of apparel and clothing accessories have been the largest item of export, while the other main items to the UK include rubber & articles thereof (4%), tea & spices (1.2%), footwear, animal/vegetable fats, fishery products, toys & games, essential oils etc.

The value of Sri Lanka imports from the UK has been averaging around US\$ 290 millions. Sri Lanka's import basket includes a variety of products such as parts and accessories for aircrafts, machinery and mechanical appliances, articles of iron and steel, paper and paper boards, beverages and sprits, pharmaceutical products, plastic and plastic products, man-made fibres etc.