

Date: 25th September, 2023

Dear Sir/Madam,

**Sub: Request for inputs on India-Sri Lanka ETCA negotiations**

India is going to relaunch Economic and Technology Cooperation Agreement (ETCA) negotiations between India and Sri Lanka in October 2023. During the relaunch as is the practice in previous rounds, implementation issues related to ISLFTA will be discussed. The implementation issues that were discussed in the last round held in October 2018 is attached with this mail.

In this connection, a meeting is scheduled to be held under the Chairmanship of Shri Anant Swarup, Joint Secretary and Chief Negotiator for India-Sri Lanka ETCA on 29th September 2023 to discuss the updated status of implementation issues related to ISLFTA.

It is requested to kindly provide updated status on the attached implementation issues related to ISLFTA and also share, if any, additional implementation issues faced by our exporters in Sri Lanka.

For any query or further details, please get in touch with Ms. Saumya Gupta at [saumya.gupta@servicesepec.org](mailto:saumya.gupta@servicesepec.org) or +91-9354558465

Please send in your inputs on or before 27th September 2023.

With regards



Dr. Abhay Sinha  
Director General

As updated during 11<sup>th</sup> round

## Implementation issues related to India-Sri Lanka FTA

<u>Issues raised by Sri Lanka</u>		
<u>S.no</u>	<u>Issue</u>	<u>Discussion</u>
1.	Apparel Quota  (HS 61+62)	<p><b>(i) <u>Removal of Quota restrictions</u></b></p> <p>Sri Lanka has requested for total removal of the quota prescribed for apparel under the Indo-Sri Lanka Free Trade Agreement (ISFTA). In support of the request, Sri Lankan side stated that, its apparel sector has utilised almost 100% of 2017 quota at the end of 2017 and nearly 75% of 2018 quota at the end of June, 2018. As a result, Sri Lankan exporters are unable to make any future business plans for the Indian market in a meaningful manner. Moreover, they have begun to lose some of their Indian buyers due to unavailability of quota.</p> <p>Sri Lanka side also stated that, its apparel industry imports from India, a range of apparel intermediates such as yarn, fabric and accessories, whose collective value stands over USD 600 million, whereas it earns only around USD 25 million from the 8 million pieces of apparel quota granted under ISFTA. Therefore, Sri Lanka side maintained that, India should take necessary steps to remove the apparel quota as early as possible.</p> <p>The Indian side stated that the removal of quota is being discussed with domestic stakeholders and in this regard the meeting between the Industry representatives of the two countries, as discussed in detail below, is very important.</p> <p><b>(ii) <u>Reconciliation of data for apparel import</u></b></p> <p>The Sri Lankan side informed that the Department of Commerce of Sri Lanka had already forwarded details of tariff rate quota certificates (TRQC) issued during the years of 2015, 2016 and 2017 to the Indian Textile Committee based in Mumbai for reconciliation purposes and was awaiting a response. The Sri Lankan side requested the Indian side to pursue the matter with the Indian Textile Committee for an early response.</p> <p>The Indian side stated that the request for relaxation of quota is being examined parallel to reconciliation of utilisation of the quota by Sri Lanka. The reconciliation should, however, be carried out periodically for future imports and should also be completed for past imports, in order to identify the shortcomings in the procedures adopted for monitoring of quota.</p>

		<p><b>(iii) <u>Relaxation / Increase of quota</u></b></p> <p>The Sri Lankan side requested an update on the view expressed by the Indian side that there would be a possibility for India to increase the existing quota in a phased manner subject to Sri Lankan apparel makers utilising Indian fabrics and raw materials. Nevertheless, the Sri Lankan side said that increase of apparel quota subject to fabric sourcing from India would be of little benefit to the Sri Lankan apparel industry and what is necessary instead is total removal of quota with no sourcing conditions.</p> <p>The Indian side reiterated that the views of the domestic stakeholders are important in this regard and the finalisation of views will be expedited by the meeting between the Industry representatives of the two countries.</p> <p><b>(iv) <u>Meeting between apparel industry of India and Sri Lanka.</u></b></p> <p>The Indian side recalled the discussion held during the meeting of the Minister of Commerce and Industry of India and the Minister of Development Strategies and International Trade of Sri Lanka in July 2018, wherein it was suggested that a meeting between the apparel industry representatives of the two countries may be held separately and quota relaxation matters may be discussed at length, in addition to identifying the possibilities of developing value chains. The meeting of industry representatives is important as relaxation of quota would also need to consider the views of domestic stakeholders.</p> <p>In response, the Sri Lankan side stated that the proposed meeting between the apparel sectors of the two countries would not be an alternative to examination of removal of apparel quota which has been hampering market access in a serious manner.</p> <p>However, it stated that an early meeting between the apparel industries of two countries would be useful in ascertaining the opportunities available for mutually beneficial business alliances and therefore requested the Indian side to facilitate such a meeting in New Delhi. Both the sides agreed that participation of relevant officials, as observers, from India and Sri Lanka would be important in the particular meeting for appropriate follow up work.</p> <p>The Indian side agreed to continue examining the apparel quota and also requested Sri Lanka to convey convenient dates for the meeting, which will be facilitated by India.</p> <p>The proposed B2B meeting between the apparel sectors of India and Sri Lanka took place in New Delhi on 26<sup>th</sup> September 2018. Both sides noted that the meeting facilitated a useful exchange of views on the subject matter. In the meeting, the Indian industry indicated that gradual relaxation of the quota may be carried out with fabric sourcing condition. For this purpose, it was mentioned that Sri Lanka may identify the lines/products on which</p>
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2.	Pepper Quota	<p><b>(i) <u>Removal of Quota</u></b></p> <p>Reiterating its request for removal of pepper quota, Sri Lankan side stated that pepper was initially in the positive list under ISLFTA and therefore, the subsequent denial of duty free access under FTA was inappropriate. The Sri Lankan side also mentioned that the Sri Lankan spice exporters had voluntarily refrained from exporting pepper (except light berries, which are already duty free under different schemes) to show their dissatisfaction over the quota restrictions.</p> <p><b>(ii) <u>Surge of Black pepper imports into India</u></b></p> <p>The Indian side had informed that the surge in import of black pepper from Sri Lanka and the possible routing of third country origin pepper by utilising ISLFTA/SAFTA provisions has created a difficult situation. It was therefore requested to undertake suitable measures to prevent any third-country origin pepper being exported to India through Sri Lanka under SAFTA/ISLFTA, including setting up a mechanism enabling India to verify the authenticity of Certificates of Origin issued by Sri Lanka for black pepper shipments under ISFTA and SAFTA.</p> <p>On the request of Sri Lanka for removal of Minimum Import Price (MIP) for Export Oriented Units (EOU) imports and removal of MIP condition under ISLFTA, India informed that the EOU related request has been accepted vide issue of DGFT Notification number 21/2015-2020 dated 25.07.2018.</p> <p>Sri Lanka side informed that, the mechanism for online verification of Certificates of Origin has been</p>

		<p>operationalised w. e. f. 01.07.2018. It was also mentioned that the quantum of exports of pepper to India has decreased significantly and therefore, requested India to remove the imposition of MIP completely on import of pepper under ISLFTA.</p> <p>The Indian side mentioned that the request for removal of MIP under ISLFTA will be examined by the concerned authorities, based on the reduction in imports of pepper from Sri Lanka, among other relevant factors.</p> <p>The Sri Lankan side pointed out that Sri Lanka's exports of black pepper under ISFTA during the period January to August 2018 had declined heavily to about 150 MT compared to 674 MT, the quantity exported during the corresponding period last year. Similarly, black pepper exports under SAFTA during period January to September in 2018 had shown a substantial decrease, registering at 3,588 M/T against 6,145 M/T, the quantity of exports registered during the corresponding period in 2017.</p> <p>In view of the drastic decline of pepper exports recorded under both ISFTA and SAFTA, the Sri Lanka side requested the Indian side to do away with the MIP of Indian Rs. 500/- kg, which was introduced by the Government of India in December 2017 with the aim of curbing the rapid increase witnessed in the 2017 volume of black pepper imports from Sri Lanka.</p> <p>The Indian side noted the information on decrease in quantum of imports of pepper from Sri Lanka and mentioned that the data would be shared with relevant stakeholders, for a decision on the issue of removal of MIP under ISLFTA as well as removal of quota on pepper.</p> <p><b>(iii) <u>Proposed visit by Indian technical team</u></b></p> <p>Referring to the discussions held during the previous round, the Sri Lankan side requested the Indian side to inform the tentative dates of the proposed visit by a technical team and related details in order to make necessary arrangements.</p> <p>The Indian side informed that the technical team has been constituted and the dates for the visit would be conveyed soon, as per convenience of the members of the team.</p> <p>The Sri Lankan side stated that it would extend its fullest cooperation in facilitating the proposed visit of the Indian technical team, once the dates of the visit have been confirmed by the Indian side.</p>
<p><b>3.</b></p>	<p><b>Issues related to Tea</b></p>	<p><b>i. <u>Testing fees and quantity drawn for sampling</u></b></p> <p>The Sri Lankan side mentioned that the testing fees charged by Indian authorities for tea imports and the quantum of teas drawn for each sample testing were very high for the Sri Lankan exporters. Therefore, It requested the</p>

		<p>Indian side to reduce the testing fees in question and the quantity drawn for sampling.</p> <p>The Indian side stated that the charge of testing fees and the weight of the sample drawn for testing is as per the provisions of the domestic law and it might not be possible to accede to the requests. However, it also was informed that as a result of single window facility currently functional in all EDI (Electronic Data Interchanges) equipped ports, the frequency of testing has now reduced to 5% for low-risk category items and 25% for high-risk category items. As a result, expenditure incurred for testing fees would now be much less compared to before.</p> <p>On Sri Lankan request for clarifying if tea is covered under “low risk” category, the Indian side informed that Black tea is indeed considered as ‘Low Risk Category’ item.</p> <p>Based on the response provided by the Indian side during the 10<sup>th</sup> Round of ETCA talks, the Sri Lanka side has already advised its tea trade that black tea was categorised as “low risk” commodity.</p> <p style="text-align: center;"><b>ii. <u>Registration requirement</u></b></p> <p>Sri Lanka has informed that the Sri Lankan tea exporters have to register with Indian Tea Board in order to export flavoured teas and the registration process involved is very cumbersome and time consuming. It was requested that Tea Board exempt the Sri Lankan exporters from this registration requirement and to introduce a system to register only Indian importers.</p> <p>The Indian side informed that at present the Indian Tea Board only registers the Indian importers of flavoured tea, who submit applications to Tea Board for registration, while Sri Lankan exporters are not required to get themselves registered.</p> <p>Sri Lanka side appreciated the clarification.</p> <p>The clarification made by the Indian side has been conveyed to the Sri Lankan tea trade.</p> <p style="text-align: center;"><b>iii. <u>Change in labelling requirements</u></b></p> <p>Sri Lankan side requested that the FSSAI grants at least six months before it implements any new labelling requirements, so that the Sri Lankan exporters would be able to use and dispose any existing stocks of labelling/ packing materials.</p> <p>The Indian side stated that FSSAI invariably provides a transition period of six months prior to implementation of</p>
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<p><b>4.</b></p>	<p><b>Consolidation of cargo of books</b></p>	<p>Sri Lanka side informed that the Ceylon Booksellers, Importers &amp; Exporters Association (CBIEA) has expressed serious concerns over their inability to import books as consolidate cargo, since the Government of India currently does not permit inclusion of books into consolidation of cargo from India. As a result, each import consignment has become huge in value and quantity and is a burden to inventory control. Further, when invoices are retired in 90 or 120 days, only around 10% - 15% of the books are sold thus causing a strain on cash flow.</p> <p>The Indian side requested details of specific port and consignments where such restriction was faced, since, upon query with concerned stakeholders, no such restriction was found to exist.</p> <p>The Sri Lankan side stated that the Book Sellers, Importers and Exporters Association of Sri Lanka had reiterated that India does not allow importation of books as consolidated cargo. Accordingly, books purchased from different publishers /exporters in India are considered as separate shipments and the shipper (forwarding agent) has to prepare separate invoices and Bills of Lading for each purchase, even if they are shipped in the same container. In other words, the forwarding agent is not allowed to make a single manifest to include the details of each publisher/exporter and then prepare one Bill of Lading. The disadvantages of this arrangement are as follows;</p> <ul style="list-style-type: none"> <li>• The supplier/importer has to pay separately to the forwarding agent and clearing agent for each shipment.</li> <li>• More time is required for forwarding and clearing the cargo.</li> </ul>

		<ul style="list-style-type: none"> <li>• Due to the high cost for logistics, the importer is compelled purchase a large number of books from each publisher/exporter, so that the overheads can be reduced to some extent even though some of the books may not get sold within a specified time period.</li> <li>• The importers' inability to sell some of the books during a specific period time has resulted in an unnecessary strain on the cash flow of the respective businesses.</li> <li>• Since small publishers (SMEs) in India are unable to supply large quantities of books for exports at a time, they are compelled to sell their items to an intermediate.</li> </ul> <p>In view of the forgoing, the Sri Lankan side requested the Indian side to take up this issue with relevant authorities for an early solution.</p> <p>The Sri Lankan side said that it would forward further details / supporting documents to the Indian side in due course to facilitate necessary follow up actions with relevant Indian Authorities.</p> <p>The Indian side mentioned that the matter would be pursued appropriately once the additional details/supporting documents have been received from the Sri Lanka side.</p>
<p><b>5.</b></p>	<p><b>Indian government tender procedure on ship building</b></p>	<p>Sri Lankan side mentioned that Indian government policy restricts its ship building tendering opportunities only to Indian companies. Since Sri Lankan ship building industry can complement the Indian ship builders it was requested that Indian government opens up its ship building tendering opportunities to Sri Lankan companies as well.</p> <p>The Indian side had earlier responded that such requests may be taken up during negotiation of tariff liberalization programme for goods/Services. However, on Sri Lankan request it agreed to consult concerned stakeholders on this issue and revert.</p> <p>The Indian side reiterated that the restriction is limited to procurement of ships by the government department for its own use and does not apply to other commercial transactions. However, upon reiteration of request by Sri Lanka, it was informed that the issue would again be taken up with the concerned line Ministry.</p> <p>The Sri Lankan side requested the Indian side to pursue the matter with relevant line authorities and expedite a favourable response.</p>
<p><b>6.</b></p>	<p><b>Delayed clearance of Hair oil</b></p>	<p>The Sri Lankan side informed that an Indian buyer of Sri Lanka-produced hair oils had encountered some delays in Customs clearing of two of his import consignments at the Port of Kolkata due to the time taken for sample testing. The two shipments in question had arrived in the Port of Kolkata on 26<sup>th</sup> and 27<sup>th</sup> of August 2018, but both of had been cleared only on 12<sup>th</sup> September 2018. While samples had been drawn from the 26<sup>th</sup> August-arrived shipment on 30<sup>th</sup> Aug., no samples had been drawn from the 27<sup>th</sup> August-arrived shipment. The Sri Lankan side handed</p>



	<p><b>shipments</b>  <b>(Raised during 11<sup>th</sup> Round)</b></p>	<p>copies of the Bills of Lading relating to the two shipments and their Bills of Entry details to the Indian side, seeking the latter's cooperation in minimising such delay in future.</p> <p>The Indian side agreed to examine the issue and revert.</p> <p>In this context both sides agreed to include the port of Kolkata also as an identified port in the Annex to the Structured Grievances Redressal Mechanism.</p>
<p><b><u>Issues raised by India</u></b></p>		
<p>1.</p>	<p><b>SPS Notification on milk and milk products</b></p>	<p>SPS Notification regarding amendment in the Food (Milk and Milk Products) Regulations, 2007 had proposed certain changes in the milk standards. Detailed comments and observations of India on the draft notification were communicated to Sri Lanka by Agriculture and Processed Food Products Export Development Authority (APEDA). It was outlined that the draft notification may be trade restrictive.</p> <p>The Sri Lankan side provided detailed response and, in the Ninth Round, the Indian side informed that APEDA has sought certain clarifications on technical aspects (eg; the degree of temperature applied and the duration for heating the milk) contained in the comments provided by the Sri Lankan side on relating to the SPS notification. It was stated that a formal response would be shared with Sri Lankan side on this issue. A copy of the response was accordingly shared and response sought from Sri Lanka.</p> <p>The Sri Lankan side mentioned that the clarifications sought by APEDA are being examined and a response would be provided soon.</p>
<p>2.</p>	<p><b>Visa for Indian workers in pharma sector</b></p>	<p>The Indian side informed that Indian workers employed in the Pharma sector in Sri Lanka face serious impediments in processing of their visa due to the stipulation that visa for foreign workers in pharma sector would not be extended beyond one year.</p> <p>In the Ninth Round, the Sri Lankan side informed that, under the Immigration Act, new regulations on employment visa had already been submitted to the Cabinet for its approval. Once approved by the Cabinet, the new regulations will streamline the employment visa issuance process. While appreciating the update provided by Sri Lankan side, Indian side reiterated its request to grant employment visa for a minimum period of two years.</p> <p>Upon seeking an update on this issue, the Sri Lankan side informed that Introduction of Comprehensive Regulations for Employment Visas under the Immigrants and Emigrants Act was approved by the Cabinet of Ministers on 30th May 2018. The Draft Regulation is being processed at the Legal Draftsman's Dept. After obtaining the approval of the Attorney General's Dept., the Regulations will be gazetted. The Indian side requested</p>

		<p>to confirm if the new regulations have the provisions to grant employment visa for a minimum period of two years.</p> <p>The Sri Lankan side informed that there is no change in the status of the progress in amendments to the regulations. The two sides discussed the issue of long-term extension of employment visas. Sri Lankan side said that it would revert on the matter after further discussions with Department of Immigration and Emigration.</p>
<p><b>3.</b></p>	<p><b>Market access issue for vehicles</b></p>	<p><b>i. <u>Change in duty structure</u></b></p> <p>In the November 2016 budget, a flat duty of LKR 1,000,000 was imposed on import of single cab vehicles, against the levy of 45% excise duty earlier. The Sri Lankan side was requested to review and revert to the earlier duty structure.</p> <p>Sri Lankan side explained that, before 2014, national tariff structure for motor vehicles with cargo carrying capacity of less than 2000kg were classified based on the age of the vehicles. However, in 2014, at the request of the business communities of both India and Sri Lanka, the Government reclassified the motor vehicles with less than 2000kg cargo carrying capacity into totally protruding to the front of the vehicles and others (not protruding vehicles at the 8-digit, which are being imported from India) and assigned lower duty rates. The motor vehicles without protruding to front with less than 2000kg cargo carrying capacity were further classified at 8-digit levels, based on the suspension technology of front-leaf spring technology and other suspension technology and the cargo vehicles with front-leaf spring motor vehicles have been assigned with lower duty rates. In 2017, the duty rate were reduced to LKR 700,000/= per unit. The tariff rates applicable to vehicles which are outside this category remain much higher than LKR 700,000/= and vary between LKR 2 million to LKR 2.5 million. In the circumstances, Sri Lankan side stated that it would not be possible to make any further reduction in the tariffs applicable to the said vehicle category since the importers of other categories of vehicles have already requested to reduce the tariff rates applied to those categories as well.</p> <p>The Sri Lankan side mentioned that, a luxury tax on high-end motor vehicles is under consideration.</p> <p>Upon seeking an update on this issue, the Sri Lankan side informed that Luxury tax is a top up tax on luxury motor vehicles in addition to the excise duty on engine capacity basis. Thus, tax shall be imposed through an amendment to the Finance Act. As of now, the Ministry of Finance, Sri Lanka has obtained approval of the Cabinet of Ministers for the draft of the amendment for seeking legislation by the Parliament shortly. It may be brought into force by early September, 2018.</p> <p>In providing an update on the current status of matter, the Sri Lankan side stated that the gazette notification on proposed Luxury tax is yet to be issued but would be issued soon after obtaining the approval from the Parliament.</p>

		<p><b>ii. <u>Emission Standards and Safety norms (air bags and ABS)</u></b></p> <p>The Indian side had made the following requests in this regard:</p> <ul style="list-style-type: none"> <li>• Consider BS-IV norms equivalent to Euro-IV norms</li> <li>• The time period for implementation of mandatory requirement of having Air bags and ABS may be extended to 01.04.2019, to provide sufficient lead time to the car manufacturers in India.</li> <li>• Lap seat arrangement may be accepted for rear middle passenger, instead of the mandatory stipulation of a three point seating arrangement.</li> </ul> <p>The Sri Lankan side in response had informed that BS-IV norms would be considered as equivalent to Euro-IV norms and a suitable notification was issued to this effect. It was clarified that the rear middle passenger seat need not conform to the three point seating belt system and a two point belt system would be acceptable. It was also informed that the implementation date for Emission Standards and Safety Standards has been deferred to 01 July 2018. It was informed that further deferment would not be possible since implementation of the said regulations as a proposal in the Budget 2018 has already been delayed by a considerable period of time and cannot go beyond the fiscal year.</p> <p>Appreciating the consideration of BS-IV norm equivalence with Euro-IV norm, the Indian side mentioned that the requirement of ABS has been prescribed for all vehicles, except two/three wheelers, buses etc.. Light Commercial vehicles and single cab vehicles have been mandated to comply with ABS requirement. It was requested that these vehicles may be exempted from this requirement and Speed Limiting devices may be fitted in the Indian manufactured vehicles to comply with safety requirements. The Indian side also requested to exempt the prime movers from requirement of air bags, as the driver sits at a higher position, which takes care of the safety concerns. For this purpose, a write up was provided, indicating the HS code wise requests to Sri Lanka.</p> <p>The Sri Lankan side informed that as a policy decision, the tractors classifiable under HS Code 8701.20 has already been exempted from all safety requirements. It noted the proposal of the Indian side for the use of Speed limiting Devices instead of ABS.</p> <p>The Sri Lankan side informed that a meeting was conducted with the Indian vehicle manufacturers/ local Importers to discuss their issues related to vehicle safety measures and the views expressed by them during the said meeting would be taken into account in consultation with relevant government agencies.</p>
4.	<b><u>Export of Copper</u></b>	The Indian side mentioned that for the export of copper products under HS code 74081190 from Sri Lanka, the value addition required for seeking tariff concessions under ISLFTA/SAFTA is 35%. However, the maximum value

	<p><b><u>Products</u></b></p>	<p>addition in the entire process of conversion of copper concentrate to copper cathodes/ copper rods is not more than 7%-8%, considering the fact that Sri Lanka has no copper mines or any copper smelters. Accordingly, Sri Lanka was requested to ensure that the Certificates of Origin for copper products under ISLFTA/SAFTA are issued with due verification to ensure compliance of the minimum value addition requirements under ISLFTA/SAFTA.</p> <p>The Sri Lankan side reiterated that, according to the information available, Sri Lankan exporters of copper products (HS 7408.11.90) continue to source scrap copper from local suppliers and therefore were in a position to meet the 35% DVA.</p> <p>However, in order to alleviate the concerns raised by Indian copper product manufacturers, Indian side suggested that a technical team could visit a few copper product manufacturing companies in Sri Lanka to study and assess the level of value addition. The Sri Lankan side noted the proposal and expressed its willingness to cooperate in the matter.</p> <p>The Indian side informed that the technical team has been constituted and the dates for the visit would be conveyed soon, as per convenience of the members of the team..</p> <p>In order to facilitate necessary arrangements for a suitable programme, the Sri Lankan side requested to provide at least 2 – 3 weeks’ notice prior to the visit.</p>
<p>5.</p>	<p><b><u>Usage of the term “Basmati” by a Sri Lankan company.</u></b></p>	<p>The Indian side informed that Sri Lankan Council for Agricultural Research Policy (SLCARP) had organized a competition in which CIC Agri business was adjudged the winner, in recognition of development and marketing of premier rice varieties by them namely, red basmati, CIC white basmati and CIC purple basmati. It was requested that since Basmati is a registered GI product of India since November 2008, the company may be requested to refrain from using “basmati” in naming its products.</p> <p>In the Ninth Round, Sri Lankan side stated that DOC/SL had already taken up this issue with National Intellectual Property Office (NIPO) of Sri Lanka and summarised the response received from the NIPO as follows:</p> <ul style="list-style-type: none"> <li>• "Basmati" has not been registered as a certification /collective mark by any local/ international applicant within Sri Lanka. CIC Agri Businesses has so far not filed any application with NIPO to register "Basmati" as a certification/collective mark or under any other IPR regime as a patent in Sri Lanka.</li> <li>• As the IPR is territorial in nature, the right holders of GI are required to file applications for registering their GIs in other countries using the legal means made available to the right holders to prevent their misuse and unfair competition. Accordingly, under the provision stipulated in respect of certification marks in the IP Act No. 36 of 2003, Sri Lanka provides such legal means to the right holders of GI to register their GIs as certification marks in Sri Lanka.</li> <li>• Therefore, any local or international applicant can file an application to protect a Geographical Indication GI</li> </ul>

		<p>(subject to the conditions provided for in Section 3 of the WTO TRIPS Agreement) under the provision stipulated in respect of certification marks in the IP Act No. 36 of 2003 in Sri Lanka.</p> <p>During the 9<sup>th</sup> Round, the Indian side stated that the response provided by NIPO would be conveyed to the concerned Indian authorities and comments/response would be provided to Sri Lanka.</p> <p>The Indian side informed that APEDA has filed applications in Sri Lanka for registration of Basmati as certification mark. Sri Lankan was requested to provide all possible cooperation in this regard.</p> <p>The Sri Lankan side request the Indian side to provide specific details of the application, including a copy of the same (if possible) in order to facilitate appropriate follow up on the matter.</p>
<b><u>NEW ISSUES RAISED IN THE 10<sup>TH</sup> ROUND</u></b>		
<b>6.</b>	<b>Import of vegetable oil (Vanaspati)</b>	<p>In the 10<sup>th</sup> Round, the Indian side mentioned that an increase in import of edible vegetable oil (Vanaspati) has been seen from Sri Lanka in the recent months. This issue was earlier faced by the two countries in 2005-2006 and after a detailed discussion tariff rate quota on vegetable oils (Vanaspati) was introduced. In order to take preventive steps, the Indian side requested Sri Lanka:</p> <ul style="list-style-type: none"> <li>• To exercise extreme care and diligence in issuing the Certificates of Origin under ISLFTA and SAFTA</li> <li>• To provide data of the Certificates of Origins, issued for export of vegetable oil to India, for appropriate verification by CBIC on monthly basis.</li> <li>• To include this issue also in the verification to be carried out by the Technical team proposed to visit Sri Lanka for other products.</li> </ul> <p>The Sri Lankan side stated that, export of Vanaspati during 2017/2018 quota year had been only around 2,600 MT, while there have not been any export so far for 2018/2019 quota year. However, Sri Lanka said that, it would be happy to facilitate the proposed visit of the Indian technical team for verification purposes.</p> <p>The Indian side informed that the technical team has been constituted and the dates for the visit would be conveyed soon, as per convenience of the members of the team.</p> <p>In order to facilitate necessary arrangements for a suitable programme, the Sri Lankan side requested to provide at least 2 – 3 weeks' notice prior to the visit.</p>
<b>7.</b>	<b>Export of pharmaceutical</b>	<p>The Indian side informed that the National Medicines Regulatory Authority, Sri Lanka is proposing to bring out changes in conditions relating to licensing of importers of medicines in Sri Lanka. As per the draft regulation,</p>

	<p><b>products from India</b></p>	<p>the Licensing Authority may, at its discretion, refuse to issue a license to a company that does not have more than 50% shares owned by citizens of Sri Lanka. Since 70% of Sri Lanka’s drug imports are from India; Indian pharma imports to Sri Lanka would be the most affected by this proposed regulation.</p> <p>Upon raising this issue with the concerned authority by the High Commission of India, Colombo the following response has been provided:</p> <ul style="list-style-type: none"> <li>i. Sri Lanka is drafting regulations to support the NMRA Act No 5 of 2015 and will include these restrictions. The draft regulations are being developed in consultation with internal experts as well as regulatory consultants after carefully considering all pros and cons.</li> <li>ii. At present, any manufacturer/supplier in India (or any other country) can market their products through a local entity in Sri Lanka which usually acts as a distributor.</li> <li>iii. With the new regulations, market authorization will not be granted to organizations where Sri Lankan citizens hold less than 50% of equity.</li> </ul> <p>The Indian side requested Sri Lanka not to introduce such restrictive condition, as it is likely to adversely affect the export of high quality and affordable Indian medicines in Sri Lanka.</p> <p>The Sri Lankan side requested the Indian side to provide specific details on the matter, so that it could clarify the actual status with relevant authorities.</p> <p>A separate detailed brief on all Pharmaceutical related issues was handed over to Sri Lanka during the meeting. It was requested that Hon’ble Minister of Health, Nutrition and Indigenous Medicine, Sri Lanka may chair a meeting with the concerned stakeholders and High Commission of India, for early resolution of all issues.</p>
<p><b>8.</b></p>	<p><b>Issues faced by Indian companies during state procurement of medicines</b></p>	<p>The Indian side informed that Indian companies viz Kopran Limited and Shamshree Life Sciences Limited had supplied the drug <i>Meropenem</i> through State Procurement Corporation (SPC)tender. <i>Meropenem</i> is sold as a dry powder and has to be reconstituted in the vial by injecting saline solution. In these two cases a floating particle was found inside one of the vials and this was termed as quality failure. Though majority of the batch quantity had already been consumed without any reports of quality failure or side effects, the whole batch was rejected post-facto and the companies were penalized.</p> <p>The companies were neither given access to the samples of the reported failed batches to test their quality nor given a chance for a fair hearing before penalizing them. In another similar case Amoxicillin drug was rejected. The Indian company has rejected claims of quality failure, alleging poor storage conditions by SPC.</p> <p>The issue has already been formally communicated to Sri Lankan side (NMRA and SPC) through Ministry of Foreign Affairs, Sri Lanka but response is yet to be received.</p>

	<p>The Indian side requested that mechanism may be set up to allow the company to prove its case, including through third party testing of the product.</p> <p>Sri Lankan requested the Indian side to provide specific details of the issue, contact persons in the companies concerned in Sri Lanka etc, so that it can seek a clarification from the relevant authorities and revert.</p> <p>A separate detailed brief on all Pharmaceutical related issues was handed over to Sri Lanka during the meeting. It was requested that Hon'ble Minister of Health, Nutrition and Indigenous Medicine, Sri Lanka may chair a meeting with the concerned stakeholders and High Commission of India, for early resolution of all issues.</p>
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### ISSUES REMOVED FROM THE NTM DOSSIER

S. No.	Issue in Brief	Remarks
1	Desiccated Coconut - Removal of quota restrictions	The issue was dropped. However Sri Lanka mentioned that the process of facilitating MRAs for the purpose of avoiding any SPS related issues is underway.
2	Vegetable Oil (HS 1516/1517) - Removal of quota restrictions	The issue was dropped. However Sri Lanka mentioned that the process of facilitating MRAs for the purpose of avoiding any SPS related issues is underway
3	Coconut Milk Powder – Delays occurred in Indian Customs due to lack of clarity in clearance procedures	The issue was dropped. However Sri Lanka mentioned that the process of facilitating MRAs for the purpose of avoiding any SPS related issues is underway
4	Biscuits – Issues relating to exemption of excise duty and other levies granted to Indian manufacturers	The Indian side informed that the GST Workshop was conducted on 22-23 March 2018 in which a number of GST related issues were discussed and apprehensions and concerns were clarified. Both sides agreed to drop this agenda item.
5	Tea - Reduction of time taken for testing and sharing of details of the packaging and labelling requirements.	Several issues relating to export of Ceylon teas, including this one are discussed under S. no. 1.3 of the NTM dossier and the Indian side has already provided a detailed response on the particular issues. Sri Lanka Tea Board is expected to study the Indian response and revert in the event of any further concerns.

6	<p>Rank Animal Health (Pvt.) Ltd., Sri Lanka: Indian Customs is charging 5.8% duty classifying as medicaments instead of animal feed.</p>	<p>During the 8<sup>th</sup> round, both sides agreed to drop the issue, since the Sri Lanka company had informed that the matter had been sorted out already.</p>
7	<p>Sri Lanka issued a notification in June 2017 increasing in registration fees at the National Medicines Regulatory Authority of Sri Lanka (NMRA) and other processing and licensing fees for medicines. The increase is in the range of 700% to 2000%. As 70% of the Sri Lankan drug imports are from India, Indian pharma imports have been affected by this regulation.</p>	<p>The Sri Lankan side informed that the increase in registration fees was introduced after a long time, which seemed a substantial increase. This measure is imposed equally on all foreign and local suppliers without any discrimination. The new fee structure in fact contains a favourable fee layer for foreign suppliers from the SAARC countries, which India is able to benefit from.</p> <p>After several rounds of negotiations, the two sides agreed to drop this issue and move it to the List of Removed Issues, since the relevant Sri Lankan authorities regretted their inability to accommodate India's request at this stage.</p>
8	<p>Excessive fees and delays relating to attestation of documents at Indian High Commission, Colombo. This issue was brought by Sri Lankan side. Sri Lankan side handed to the Indian side a detailed note highlighting the difficulties encountered by Sri Lankan exporters due to excessive attestation fees levied by Indian High Commission and long delay involved in attestation which requiring multiple visits.</p>	<p>After a detailed response provided by Indian side and considering the Indian response that as a special gesture a separate window for attestation of business documents at IVS Centre for expedited processing may be opened for further facilitation, the two sided agreed to drop this issue and move it to the List of Removal Issues at the 9<sup>th</sup> round of ETCA.</p>
9	<p>High import permit charges levied by India for floriculture consignments Sri Lankan side expressed its concern on high import permit charges levied by India on floriculture consignments. According to information provided by some Sri Lankan exporters, India charges as high as USD 500 for issuing an import permit for just one species of floriculture item. Since this amount too high for SME exporters, Sri Lanka side requested that the said import permit charges be reduced to a reasonable level.</p>	<p>The Sri Lankan side stated that the local company which experienced this issue, has informed that it was not exporting any floriculture products to India at present, since the high import permit charges (US\$. 500/= per species) were still being levied by the Ministry of Agriculture, India. According to the company, the said fees are applied to the following species.</p> <ul style="list-style-type: none"> <li>- Aglaonema</li> <li>- Dracaena</li> <li>- Philodendron</li> <li>- Schefflera</li> <li>- Codiaeum</li> <li>- Scindapsus</li> <li>- Policias</li> </ul> <p>The Sri Lanka side requested Indian side to take up this issue with the</p>



		<p>Indian Ministry of Agriculture for some reduction of the import permit charges.</p> <p>On the issue of difficulty in accessing the website from Sri Lanka, it was informed that no such difficulty is being experienced currently.</p> <p>The Indian side stated that the registration fees as high as US\$ 500 per species is not being charged, as claimed by the Sri Lankan company and its Indian buyer. It was suggested that the details available in the website at <a href="http://plantquarantineindia.nic.in">http://plantquarantineindia.nic.in</a> may be studied and the actual registration fees levied per species ascertained. In case there are any specific cases of the charge of registration fee of US\$ 500, it may be brought to notice. The Sri Lankan side agreed to revert.</p> <p>Department of Commerce has informed the response given by Indian side to the relevant Sri Lankan company.</p> <p>However, in case if there are any specific cases of the charge of registration fee of US\$ 500 levied per species by Indian authorities, DOC has requested to send us all specific details.</p>
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