

# Unveiling New Horizons in Trade and Investment



## Sri Lanka-Thailand Free Trade Agreement (SLTFTA)

*A Strategic Pathway to Strengthen Economic Relations*

**Renuka M Weerakone**

*Director General*

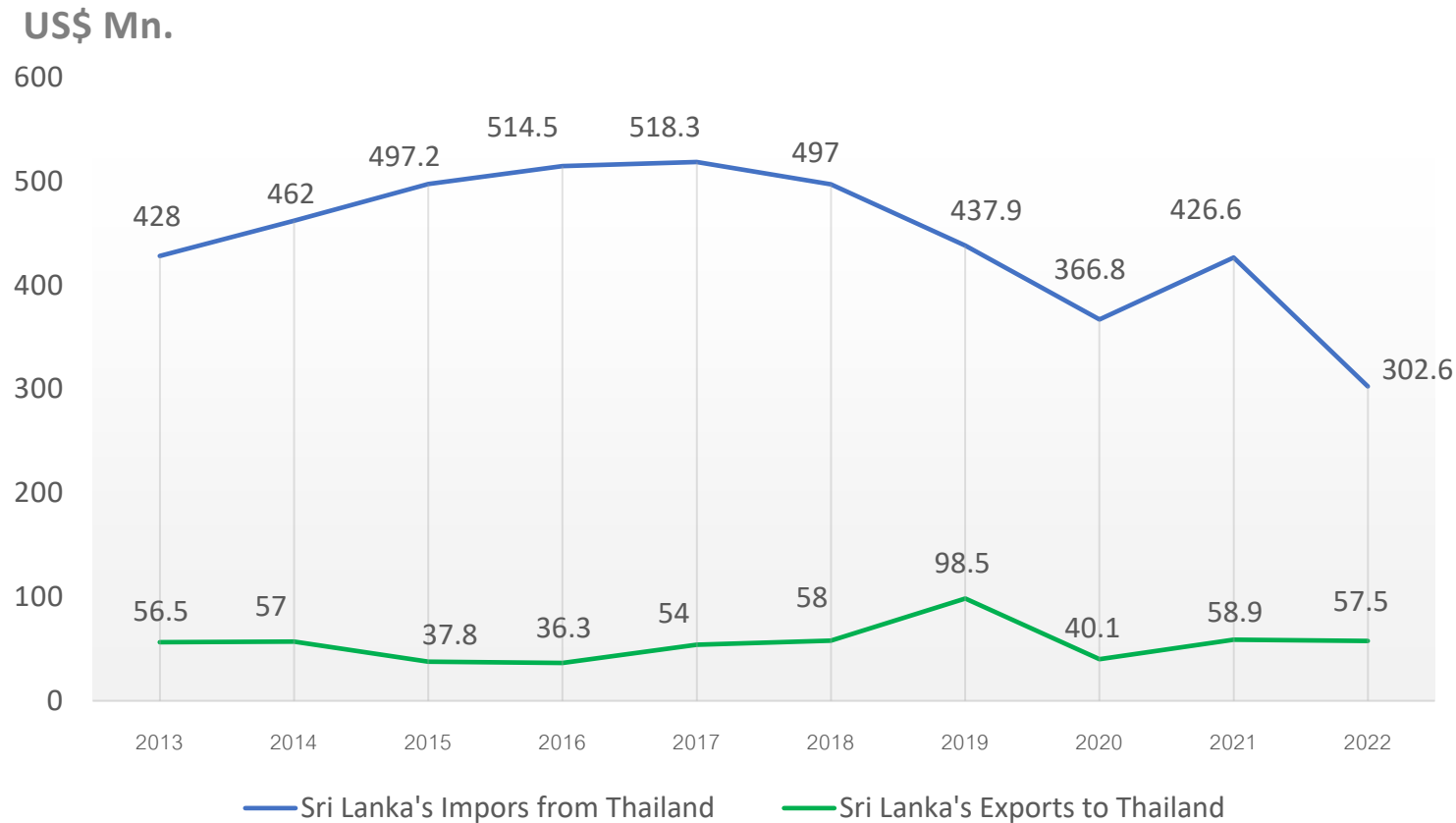
*Board of Investment of Sri Lanka*

# SRI LANKA & THAILAND : BILATERAL RELATIONSHIP

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- Celebration of 70<sup>th</sup> Anniversary of Diplomatic Relations in November 2025
- Strong bonds fostered by Buddhism have united the two nations for centuries
- Signing of MOUs/Agreements over the years demonstrates strong and cordial relations between the two countries in multiple areas
  - Trade, IT, Tourism
  - Culture, Agriculture
  - Science & Technology
- Close links between Ceylon Chamber of Commerce with Board of Trade of Thailand, The Thai Chamber of Commerce and Joint Standing Committee on Commerce, Industry & Banking

# SRI LANKA-THAILAND: TRADE RELATIONSHIP



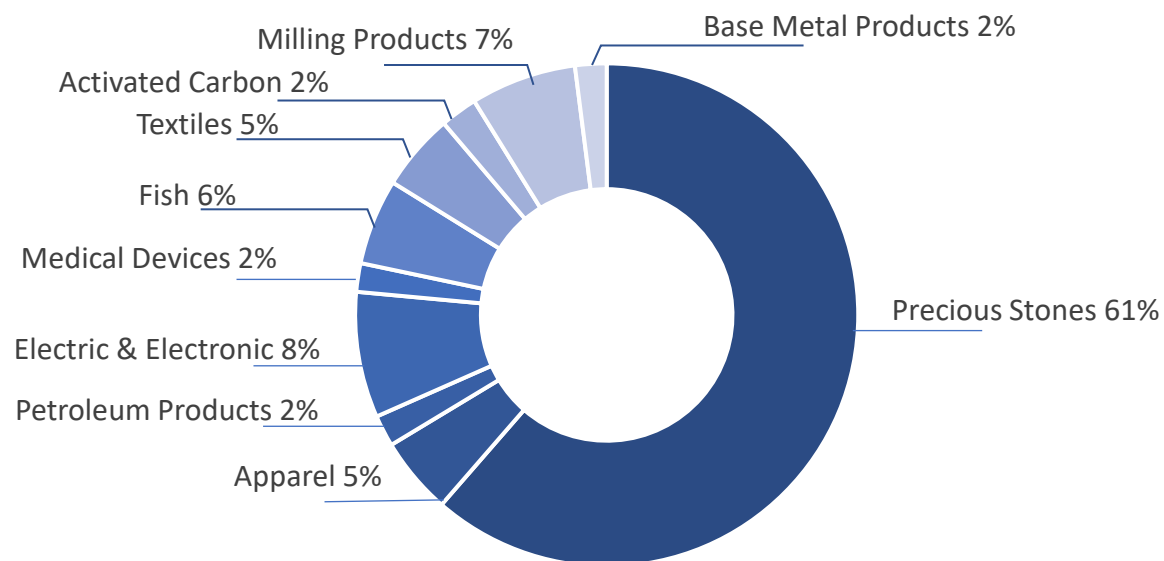
Thailand:

**37<sup>th</sup>** export partner  
(0.5% of total SL exports)

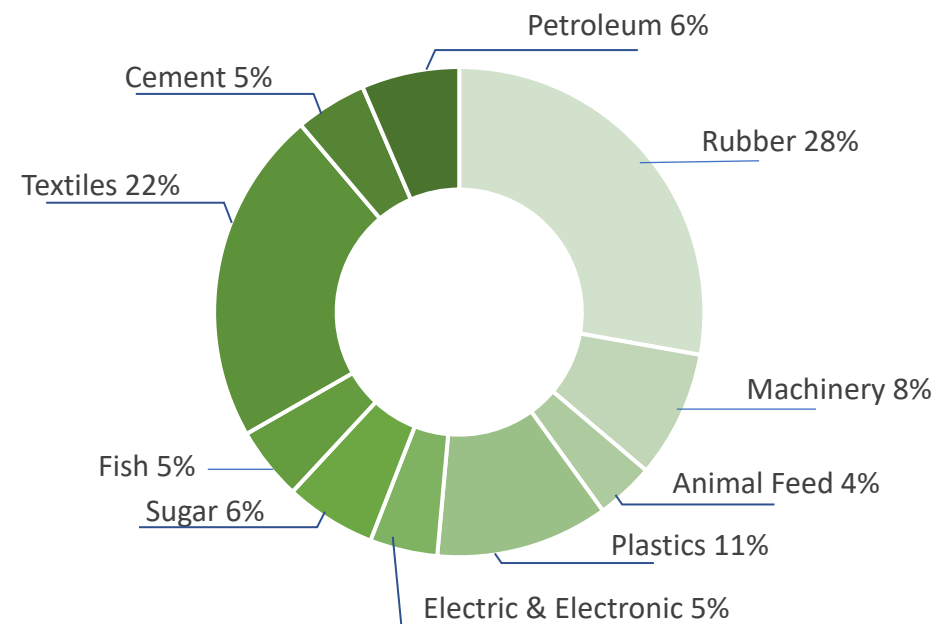
**11<sup>th</sup>** import partner  
(1.7% total SL imports)

# SRI LANKA-THAILAND: TRADE RELATIONSHIP

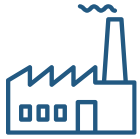
## Top 10 Exports to Thailand 2022



## Top 10 Imports from Thailand 2022



# SRI LANKA-THAILAND: INVESTMENT RELATIONSHIP



**10**

Companies in  
Commercial Operation



**US\$ 95 Mn**

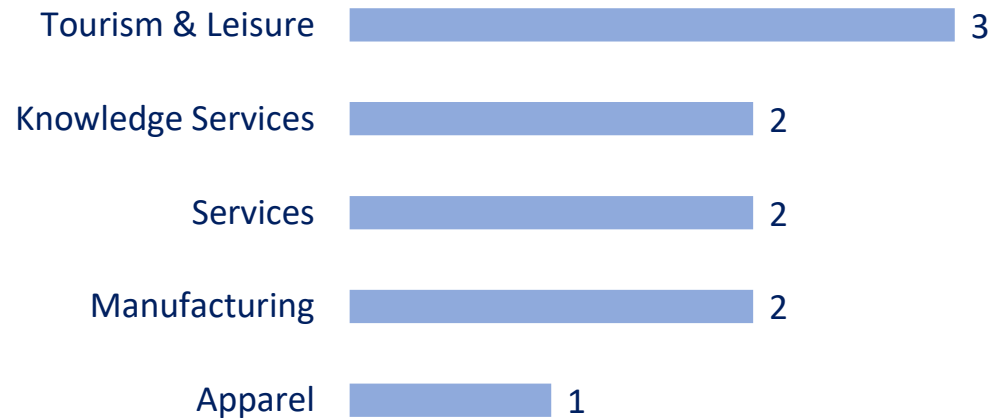
FDI from Thailand  
(2005-2023)



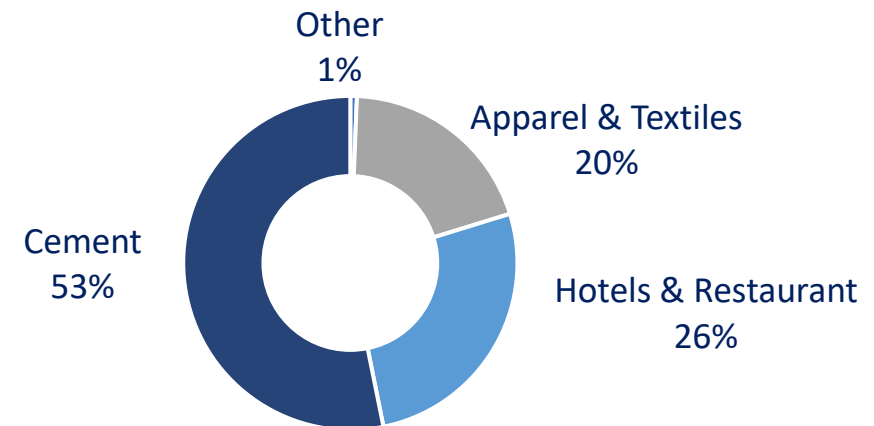
**620**

Employment Generated

## Number of Investment Projects from Thailand

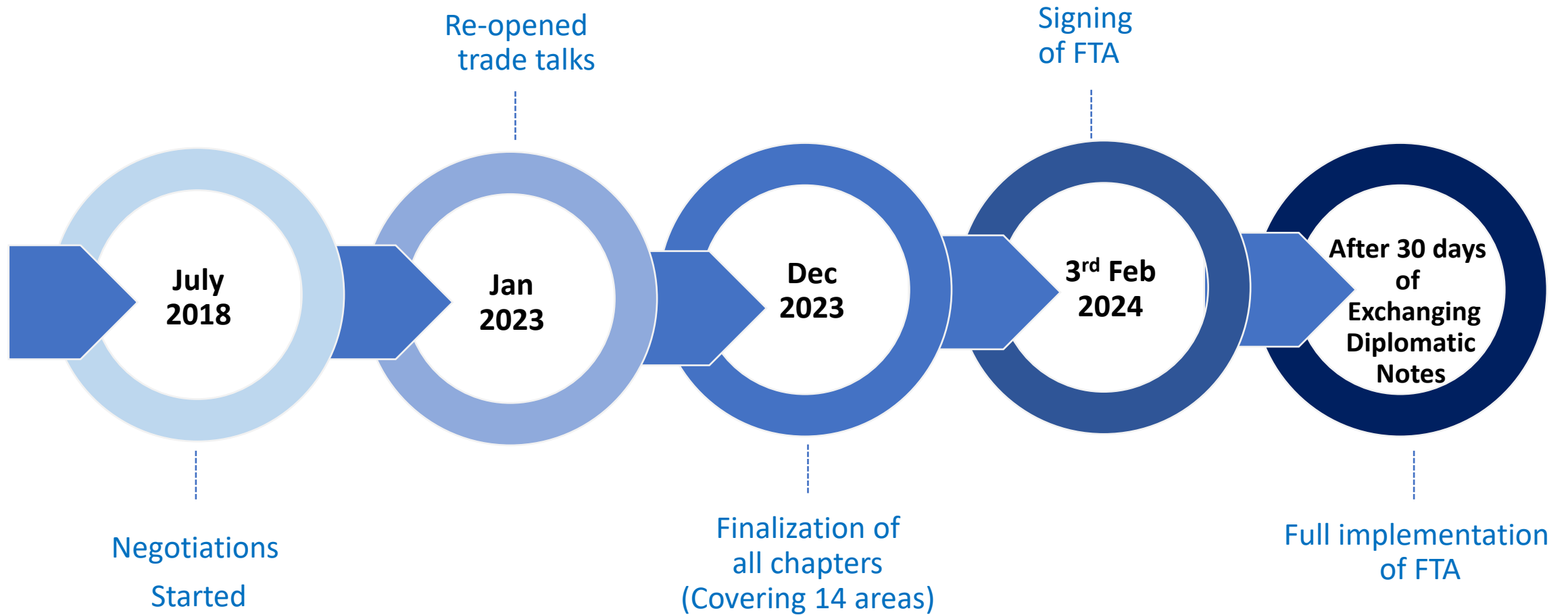


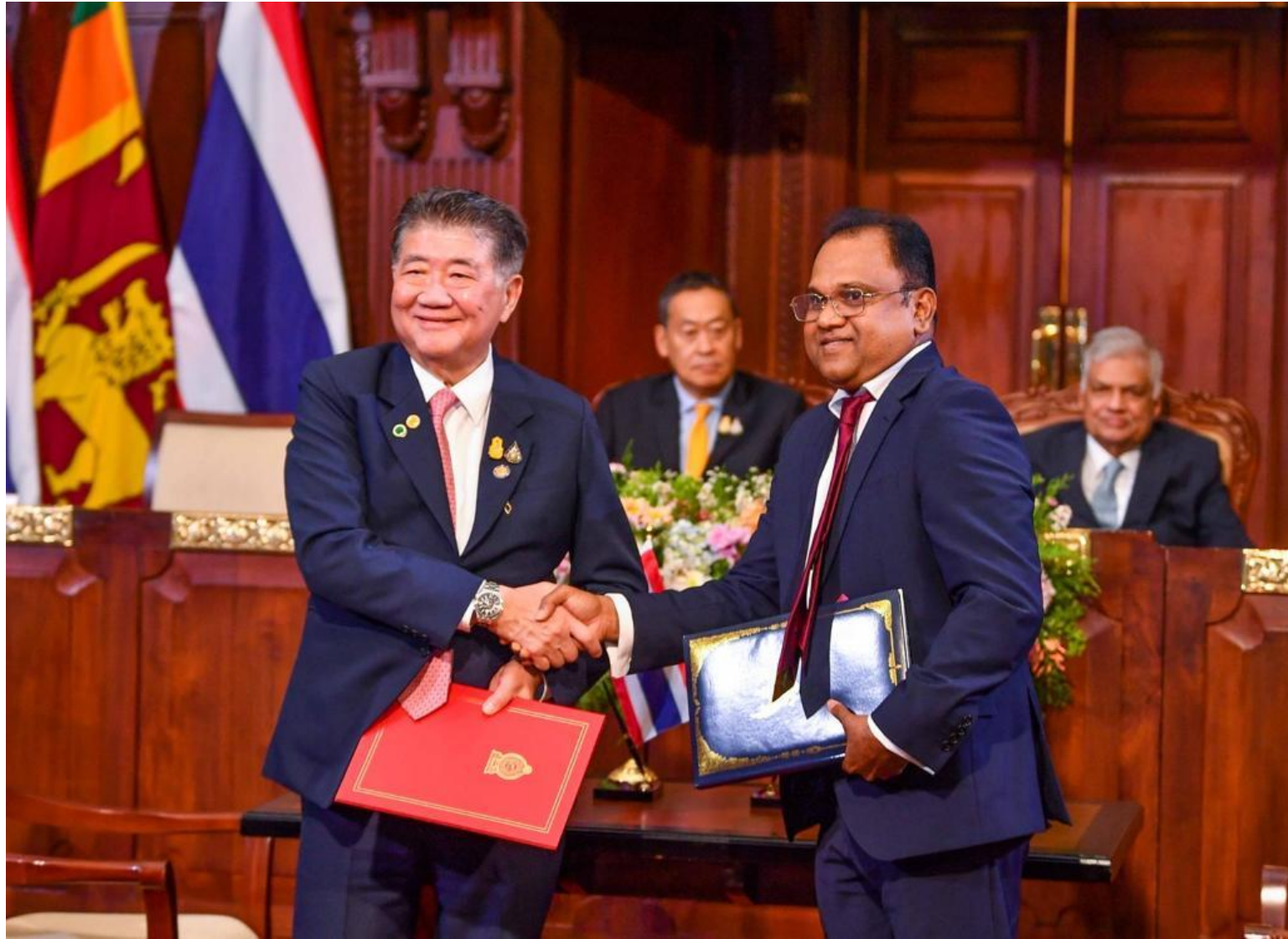
## Share of Investment from Thailand



# **SRI LANKA THAILAND FREE TRADE AGREEMENT**

# KEY MILESTONES







THE 6TH ROUND OF SRI LANKA - THAILAND  
FREE TRADE AGREEMENT NEGOTIATIONS

ON 21 - 23 AUGUST 2023  
BANGKOK, THAILAND



# SLTFTA : OBJECTIVES

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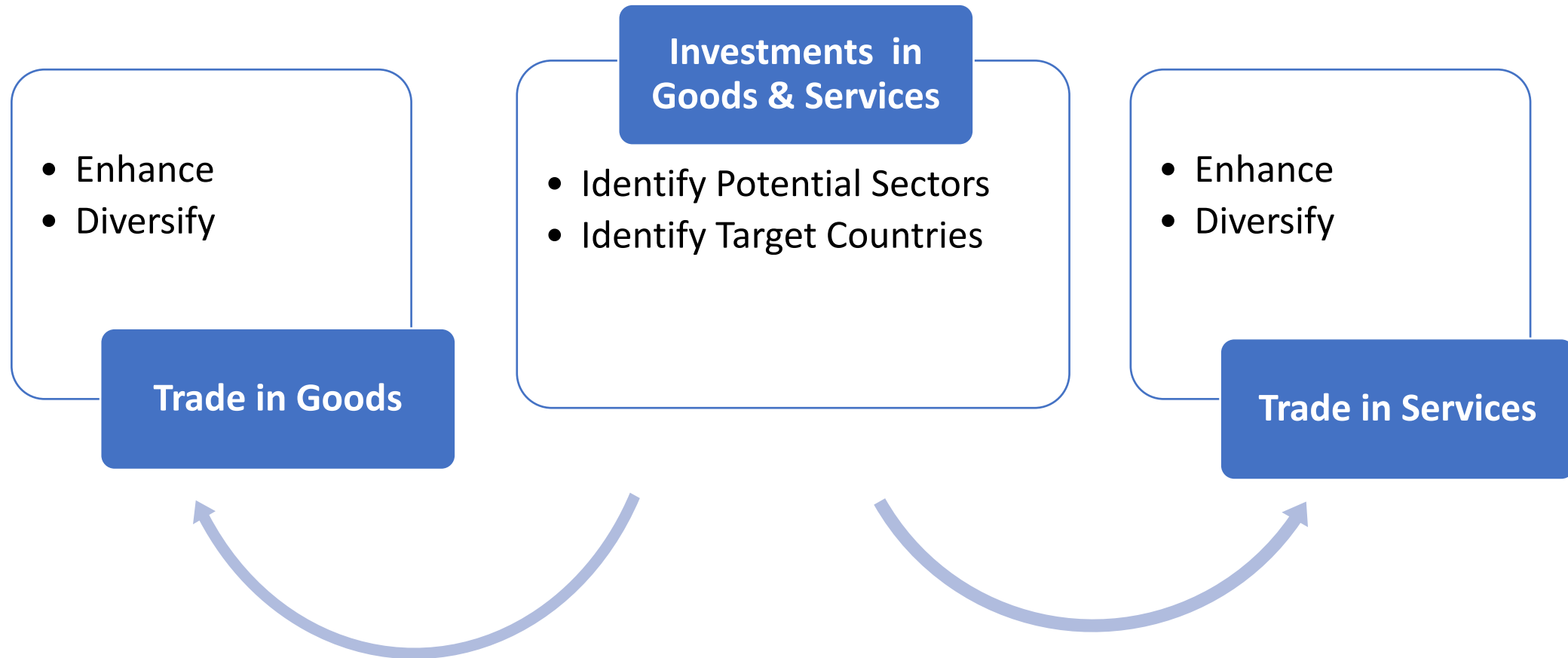
- Increase and enhance economic cooperation
- Promote expansion of trade
- Gradually eliminate difficulties and restrictions on trade
- Establish a framework of transparent and predictable rules to facilitate trade
- Broadening the scope to include trade in services and bilateral investment

# SLTFTA : SALIENT FEATURES

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- Guaranteed Investment Protection
- Broader Coverage on Definition of “Investments” to include Shares, Stocks, Bonds, Debentures, Returns reinvested
- Free Transfer of Funds
- Specific Dispute Settlement Mechanism
- Appointment of Senior Management & Boards of Directors at Investors’ Discretion
- Provision for Fair Compensation in Case of Expropriation for Public Purposes

# SLTFTA : 3 KEY PILLARS



# SLTFTA: TARIFF LIBERALIZATION PROGRAM – TRADE IN GOODS



## Thailand Commitment-Total 11,414 Tariff Lines

**Fast Track**  
From EIF Date

**5,701 items** : No Customs Duty (CD) to Export to Thailand from Sri Lanka

**9 items** : On WTO Tariff Quota Quantity-Tea 625 Tons, Desiccated Coconut 2,427 Tons

**Normal Track**  
From Jan 2025

1,138 items : Elimination of CD for 1<sup>st</sup> to 5<sup>th</sup> Year

1,128 items : Elimination of CD for 6<sup>th</sup> to 10<sup>th</sup> Year

1,163 items : Elimination of CD for 11<sup>th</sup> to 15<sup>th</sup> Year

**Sensitive Items**  
From Jan 2040

567 items : Reduction of CD by 50% of the applicable Customs Duties  
(1st of January 16th year of the Agreement)

**Exclusion List**  
From EIF Date

1,708 items

# SLTFTA: TARIFF LIBERALIZATION PROGRAM – TRADE IN GOODS



## Sri Lanka Commitment-Total 8,157 Tariff Lines

**Fast Track**  
From EIF Date

**4,078 items** : No Customs Duty (CD) for Imports from Thailand to Sri Lanka

**Normal Track**  
From Jan 2025

815 items : Elimination of CD for 1<sup>st</sup> to 5<sup>th</sup> Year

815 items : Elimination of CD for 6<sup>th</sup> to 10<sup>th</sup> Year

816 items : Elimination of CD for 11<sup>th</sup> to 15<sup>th</sup> Year

**Sensitive Items**  
From Jan 2040

409 items : Reduction of CD by 50% of the applicable Customs Duties  
(1st of January 16th year of the Agreement)

**Exclusion List**  
From EIF Date

1,224 items

# SLTFTA : RULES OF ORIGIN – TRADE IN GOODS

**Category A :** Wholly obtained

Wholly obtained products  
Example: tea, coconut, fish & spices etc.

**Category B :** Goods not wholly produced

Not less than 40% Value Addition of the FOB product  
or  
Change in Tariff Heading (CTH) at 4 digit level

**Category C:** Product Specific Rule  
For 1,734 products

Qualifying Value Content could be less than 40%  
and  
Change in Tariff Heading could vary from 2 to 6 digit level

# SLTFTA : INVESTMENTS IN NON-SERVICE SECTOR

## Sectors Open for Investment : Subject to Reservations and Non-Conforming Measures



Manufacturing



Agriculture



Mining and  
Quarrying



Fisheries



Forestry



# SLTFTA : INVESTMENTS IN NON-SERVICE SECTOR ....

***Zero Duty Market Access to Thailand and 100% foreign equity shareholding in Sri Lanka  
3-10% Customs Duty advantage***

***Immediate Fast Track 439 Items  
Additional 501 items in 5 years***

- Electrical & Electronic
- Machinery & Appliances
- Glassware
- Iron & steel
- Aluminum
- Ships, boats & floating structures
- Instruments (Medical devices , measuring & checking)
- Tanning or dyeing extracts
- Clocks & watches

***Normal Track 361 items in 5 years***

- Paper & paperboards
- Apparel
- Tools
- Plastics
- Rubber
- Pharmaceutical
- Base metal products
- Automobiles & parts
- Musical instruments
- Toys, games & sport requisites
- Soap, organic surface-active agents

# SLTFTA : INVESTMENT IN SERVICES SECTOR

*Sri Lanka will permit entry to contractual suppliers and cooperate transferees of high level professional categories associated with Thai investment*

- Professional Services
- Computer & Related Services
- Research & Development
- Rental/Leasing Services Without Operator
- Communication Services
- Audiovisual Services
- Construction & Related Engineering Services
- Distribution Services
- Educational Services
- Environmental Services
- Tourism & Travel Related Services
- Transport Services

# ADDITIONAL MARKET ACCESS ADVANTAGE

## Indo-ASEAN FTA



**76.4%** Coverage of products

**Automobiles & Components**

No duty Concessions – 93 items  
5% duty applicable – 18 items

**Fruits & Vegetable Processed  
Food**

No duty Concessions – 38 items

**Chemicals**

No duty Concessions – 50 items  
5% duty applicable – 154 items

**Electrical & Electronic**

No duty Concessions – 21 items  
5% duty applicable – 84 items

**Machinery & Appliances**

No duty Concessions – 30 items  
5% duty applicable – 66 items

## Indo- Sri Lanka FTA



**96%** Coverage of Products

All Items  
100% Duty Free

All Items  
100% Duty Free

All Items  
100% Duty Free

All Items  
100% Duty Free

All Items  
100% Duty Free

# ADDITIONAL MARKET ACCESS ADVANTAGE....



## EU and USA Regions

Thai investments into Sri Lanka targeting EU, UK and USA using EU GSP+ , UKDCTS and USA GSP

Full removal of custom duty on over **6,400** EU tariff lines under EU GSP+

100% Zero custom duty for over **7,000** UK tariff lines under UKDCTS

Sri Lanka has **465** additional USA tariff lines over Thailand with 100% zero custom duty under USA GSP



## South Asian Region

Promote Thai investments into Sri Lanka and export to India or Pakistan using ISFTA or PSLFTA

100% Zero customs duty for over **4,200** Indian tariff lines (at HS 6 level) under ISFTA

100% Zero customs duty for over **4,600** Pakistan tariff lines (at HS 6 level) under PSLFTA

# Thank You



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