

# BRITISH HIGH COMMISSION



## PRESS RELEASE 19 August 2025

### Details of UK's liberalised rules of origin for Sri Lankan garment sector released

- Upgrades to the Developing Countries Trading Scheme (DCTS) enable Sri Lankan manufacturers to source up to 100% of inputs for garments (dependent on the item of clothing) from any country for final manufacture in Sri Lanka.
- The changes, due to come into effect in early 2026, will allow more garments manufactured in Sri Lanka to now enter the UK tariff-free.
- Fewer processing requirements will apply resulting in the removal of the rule that two significant manufacturing processes (e.g. manufacturing of the fabric as well as the garment) must take place in Sri Lanka.

Sri Lankan garment manufacturers will gain unprecedented access to UK markets under liberalised trade rules taking effect in early 2026. The reforms enable manufacturers to source up to 100% of garment inputs from any country worldwide while maintaining tariff-free access to the UK.

Under the UK's Developing Countries Trading Scheme (DCTS), Sri Lanka receives benefits as an 'Enhanced Preference' country. Current rules allow tariff free access to Sri Lankan garments if inputs are sourced from the South Asian region along with restrictions around processing. The liberalised rules will now offer Enhanced Preference countries (including Sri Lanka) the same product-specific rules for apparel (chapters 61 and 62) as lower income countries covered by the scheme (such as Bangladesh) which have 'Comprehensive Preferences'.

The British High Commissioner to Sri Lanka Andrew Patrick said:

*“We are pleased to confirm further details of the reforms to the DCTS. I know from my discussions with the JAAF, Sri Lankan manufacturers and UK brands that the changes are likely to have a significant positive impact on garment sector in Sri Lanka, while helping lower prices on the UK high street.”*

The President of The Council for Business with Britain, Mark Surgenor, said:

*“The upcoming changes to the DCTS will further strengthen Sri Lanka’s exports to the UK. This is a particular success story for Sri Lanka’s garment industry where the proposed changes will mean that more of Sri Lanka’s garment exports to the UK could qualify for zero tariffs. The Council for Business with Britain is very supportive of these changes and looks forward to continuing our work with businesses to promote trade between the UK and Sri Lanka.”*

The enhanced trade arrangements demonstrate the UK's role as a progressive trade partner. By simplifying rules of origin, the reforms enable Sri Lankan manufacturers to compete more effectively in global markets while maintaining preferential access to the UK.

## **Notes to editors**

The Developing Countries Trading Scheme provides preferential trading arrangements for 65 developing countries. Sri Lanka holds Enhanced Preference status, offering significant tariff reductions across multiple product categories.

Aside from the changes to product-specific rules associated to garments, the UK announced in June the creation of a new Asia Regional Cumulation Group of 18 countries that Sri Lanka can source from for all other products eligible to access UK's preferential tariff benefits. Input sourced from another country in this regional group will be considered as originating in Sri Lanka where the final processing or manufacturing takes place. Increasing cumulation provisions and adding value to exports in this way supports countries to be competitive by allowing more products to qualify for preferential tariffs.

### **New DCTS Asia Regional Cumulation Group**

- |                |                |
|----------------|----------------|
| • Afghanistan* | • Myanmar      |
| • Bangladesh   | • Nepal        |
| • Bhutan       | • Pakistan     |
| • Cambodia     | • Philippines  |
| • India        | • Sri Lanka    |
| • Indonesia    | • Tajikistan*  |
| • Kyrgyzstan*  | • Timor Leste* |
| • Laos         | • Uzbekistan*  |
| • Mongolia*    | • Vietnam**    |

\*This is the first time these countries are part of a DCTS Asia Regional Cumulation Group.

\*\*Vietnam signed a Free Trade Agreement (FTA) with the UK and is no longer eligible for the DCTS. It can export inputs to DCTS countries in the group for onward processing. This is one-way cumulation, and preferential tariffs apply only to the DCTS country and only to materials that are duty-free and quota-free under the UK–Vietnam FTA.

These details and more are accessible from:

<https://www.gov.uk/government/publications/rules-of-origin-under-the-developing-countries-trading-scheme-dcts-are-improving/rules-of-origin-under-the-developing-countries-trading-scheme-dcts-are-improving-july-2025>

