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UK Eases Tariffs on Sri Lankan Garment Exports

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The United Kingdom has introduced updated trade rules that will make it easier for Sri Lanka's garment manufacturers to export goods to the British market tariff-free. The changes, part of the UK's Developing Countries Trading Scheme (DCTS), aim to strengthen trade partnerships with developing nations, support job creation abroad, and help lower prices for UK consumers.

Announced on July 10, the reform package simplifies rules of origin, a key requirement for securing tariff-free access. Under the new rules, Sri Lankan apparel producers can now use

raw materials sourced from a broader range of countries while still qualifying for duty-free entry into the UK. This policy shift is expected to give a major boost to Sri Lanka's garment sector, one of the country's top export industries.

The Developing Countries Trading Scheme (DCTS), launched in 2023 following the UK's departure from the European Union, is designed to promote trade with 65 lower- and middle-income countries. It provides reduced or zero tariffs on thousands of products. The latest upgrade expands that access, making it easier for partner countries to benefit from the program, particularly in industries like textiles and apparel that rely on global supply chains.

The British High Commissioner to Sri Lanka, Andrew Patrick, welcomed the reform, saying it's a "win for the Sri Lankan garment sector and for UK consumers." He noted that with the UK being Sri Lanka's second-largest export market, the decision will be well-received by manufacturers eager to expand their global footprint. Garments make up over 60 per cent of Sri Lanka's exports to the UK, with a total export value to the British market estimated at around \$675 million.

The Joint Apparel Association Forum (JAAF), a leading voice for Sri Lanka's apparel industry, also responded positively. Yohan Lawrence, Secretary General of JAAF, said the new rules will allow Sri Lankan manufacturers to source more raw materials regionally without losing preferential access. "This is a game-changer for our trade with the UK," Lawrence stated, emphasising that the industry supports nearly a million livelihoods across Sri Lanka.

While the changes are framed as part of the UK's broader "Trade for Development" strategy, critics have noted that recent trade announcements have been largely driven by bureaucratic manoeuvring under the current Labour government, which has offered little clarity on long-term direction. Nonetheless, the DCTS reform appears to continue the Conservative-initiated strategy of engaging emerging markets and promoting economic ties outside the European bloc.

The new rules are expected to take full effect by early 2026, offering both Sri Lankan exporters and UK importers time to adjust and capitalise on the new trade environment. With the UK aiming to build more resilient supply chains and developing countries eager for economic growth, these reforms offer a timely opportunity for mutually beneficial trade.

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