

NOTE TO EXPORTERS – MANDATORY REPATRIATION AND CONVERSION OF EXPORT PROCEEDS

INTRODUCTION

The global pandemic has required Sri Lanka to significantly shift its monetary policy and create [Rules](#) on mandatory repatriation and conversion into local currency of export proceeds. The [latest Rules](#) were issued on 28th May 2021.

KEY TERMS OF THE RULES

- Exporters must **minimally convert 25%** of total export proceeds into LKR through a licensed bank. (The percentage was [initially 25%](#), [reduced to 10%](#) in April and again increased to not less than 25%).
- However, **the Monetary Board has the discretion to permit** exporters who utilize a very high percentage of imported goods (not locally available) for the end export product, to **convert less than 25%** of the total of the export proceeds.
- The Monetary Board may only grant exemptions of up to **10%** of export proceeds.
- Conversion must be **within 30 days of receipt**. The date of conversion cannot exceed 180 days from the date of shipment (initially the conversion was required to be 'immediately' and then the time increased to [14 days of receipt](#)).

GOING FORWARD

The Monetary Board has reserved the right to amend the percentage to what it deems fit and appropriate in the circumstances having regard to the liquidity situation in the foreign exchange market and the Gross Official Reserve levels in Sri Lanka. Therefore, further amendments to the Rules may be expected.

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