



SRI LANKA LOGISTICS & FREIGHT FORWARDERS ASSOCIATION

COUNTRY REPORT

For

47th Executive Council Meeting

The Federation of Asia Pacific Air-cargo Associations

Virtual Meeting

SRI LANKA LOGISTICS & FREIGHT FORWARDERS' **ASSOCIATION**

Sri Lanka Logistics & Freight Forwarders Association (SLFFA) was established in 1981 with the objective of bringing all freight forwarders under one umbrella and with a view of institutionalizing and professionalizing the trade. Today the Government, relevant Government agencies and the trade have recognized SLFFA as the Apex body representing the industry. SLFFA currently has 130 leading freight forwarding companies in its membership. SLFFA is a member of the regional freight forwarding body Federation of Asia Pacific Air cargo Associations (FAPAA) and the international freight forwarding body FIATA. SLFFA is also an affiliate member of the Ceylon Chamber of Commerce.

SLFFA works toward maximizing the benefits to the logistics & freight forwarding industry by exploiting to the maximum the potential of Sri Lanka's strategic geographical location. It has identified the need for greater investment for the development of Air and Sea freight facilities, infrastructure and in the development of human resources to sustain the fruition of Sri Lanka becoming the hub port in the region. Towards this, the SLFFA has played a participatory role in developing a comprehensive shipping policy for Sri Lanka and in formulating a National Civil Aviation Development Plan and National Export Strategy (NES) facilitated by the International Trade Centre and funded by the EU.

SLFFA is mindful of the developments taking place in the international freight forwarding arena and tries to keep the Sri Lankan Logistics & Freight Forwarding industry abreast with the rest of the world. SLFFA is working towards raising standards within the industry and making the Sri Lankan Freight forwarding industry a dynamic and more responsive trade sector by :-

- Reducing the inconsistencies in vital areas such as documentation, liability insurance, standard trading conditions and settlement of claims to be in the best interests of the trade.
- We are heading human resources development within the industry through international training programs for member of the staff who is aspiring to the industry.
- Gearing up the industry to face challenges and meet demands of an electronic trading environment.
- Having a close relationship and an active dialogue with the Airlines, Shipping Lines, Customs, Port Authority and relevant Government agencies and industry stakeholders & trade bodies.

In order to regularize the logistics & freight forwarding industry in Sri Lanka, SLFFA played a vital role in the formalizing of the freight forwarders' licensing regulations implemented by the Director General of Merchant Shipping (DGMS). In 2013 SLFFA along with other stakeholders and with the guidance of the DGMS was able to agree upon a suitable DO fee for the industry.

CHAIRMAN	:	Mr. Roshan Silva
VICE CHAIRMAN	:	Mr. Dinesh Sri Chandrasekera
TREASURER	:	Mr. Prasansa Rodrigo (until 25 th Sept 2020) Mr. Channa Gunawardena (w.e.f 25 th Sept 2020)
IMMEDIATE PAST CHAIRMAN	:	Mr. Jagath Pathirane
ADVISORY COUNCIL	:	Ms. Tania Polonnowita Wettimuny Mr. Romesh DAvid Mr. Mohan S. Mohanadas Mr. Tony De Livera Mr. Niral Kadawatharatchie Mr. D R Hallock

EXECUTIVE COMMITTEE

Aitken Spence Cargo (Pvt) Ltd
 C H Robinson Freight Service Lanka (Pvt) Ltd
 DHL Global Forwarding Lanka (Pvt) Ltd
 Expelogix (Pvt) Ltd
 Foreway Logistics (Pvt) Ltd
 Freight Links International (Pte) Ltd
 MAC Supply Chain Solutions (Pvt) Ltd
 Mack International Freight (Pvt) Ltd
 Scanwell Logistics Colombo (Pvt) Ltd
 Sherman Logistics (Pvt) Ltd

SECRETARIAT

Sri Lanka Logistics & Freight Forwarders' Association
 No. 37 D, Torrington Avenue, Colombo 07, Sri Lanka

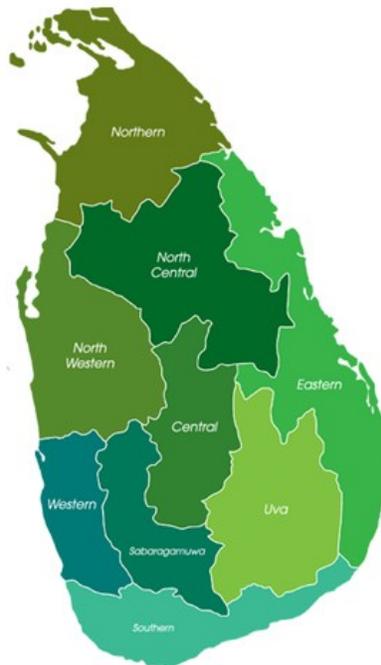


Democratic Socialist Republic of Sri Lanka



Capital	-	<i>Sri Jayawardenapura Kotte</i>
Commercial Capital	-	<i>Colombo</i>
Official Languages	-	<i>Sinhala, Tamil</i>
Language for inter-ethnic Communication	-	<i>English</i>
Ethnic Groups	-	<i>74.9% Sinhala, 11.2 % Sri Lankan Tamils, 7.2% Sri Lankan Moors, 4.2% Indian Tamils and 0.5% Others.</i>
Independence	-	<i>February 4, 1948 (From the United Kingdom)</i>
Total Area	-	<i>65,610 sq km</i>
Total Population	-	<i>22,409,381 (estimate 2017)</i>

Sri Lanka is divided into 9 provinces: 25 Districts. Each province is administered by a directly-elected provincial council.



OVERVIEW OF THE ECONOMY

Amid the varied and multi-faceted challenges posed by COVID-19 in 2020, that are still continuing, the economic and social infrastructure of the country experienced several setbacks in relation to both service delivery and development activities.

However, the strong infrastructure base of the country served as a buffer and facilitated the continuation of economic activity, during this period of unique challenges. Domestic transport activities, which reached an almost standstill level with the nationwide mobility restrictions imposed during 2020/21, gradually picked up thereafter, despite a few episodes of declines due to localised lock downs. International airports of the country remained closed for tourist arrivals in 2020 from mid-March onwards. During the year, the performance of the ports sector was adversely affected by the disruptions to global logistical networks and the identification of several COVID-19 positive patients at the Sri Lanka Ports Authority. Several infrastructure development projects progressed at a modest pace due to mobility restrictions, physical distancing, and other COVID-19 related health regulations. While the nationwide lock down during the second quarter of the year caused a significant reduction in the demand for energy, it gradually returned to pre-pandemic levels thereafter. Despite the disruptions caused by the COVID-19 pandemic, the resilient growth performance of the economy was underpinned by the consistent investment in socioeconomic infrastructure over the past several decades. The continuity of economic activity amid several COVID-19 related restrictions was greatly facilitated by the telecommunications sector, which proactively adapted to the challenges posed by COVID-19 and strived to ensure seamless virtual connectivity during the lock down period.

Throughout the year, operators proactively offered several innovative packages at competitive prices targeted at providing cost-effective data solutions for education and work purposes, as well as ensuring social connectivity amidst the physical distancing measures during the pandemic. Meanwhile, the proactive and efficacious service delivery of the health sector in collaboration with numerous other stakeholders enabled the effective curbing of the spread of the virus, low fatality rates, and the relatively rapid restoration of normalcy to economic activity. However, the country continued to struggle with the burden of Non-Communicable Diseases and several health sector initiatives were undertaken to ensure the continuity of medical care to affected patients despite COVID-19 related restrictions. Amidst the intermittent closure of schools and universities, educational activities continued through digital platforms, except in a few remote areas where transmission facilities were not available. National examinations for the academic year, although delayed, were successfully held. In light of the disproportionately high impact of COVID-19 on low-income segments of the population, the Government paid an allowance and provided other relief measures to vulnerable families and individuals enabling them to meet their daily needs. However, issues relating to targeting poverty relief continued to weigh negatively on the efficacy of these costly interventions. As observed in 2020/21, consistent investment in uplifting both the quantity and quality of socioeconomic infrastructure can serve as a buffer to the macro-economy, in terms of resilience and continuity of economic activity, and the micro-economy, in terms of preventing any further widening of prevalent socioeconomic disparities. Considering the changing nature and the severity of economic shocks and volatility, a robust infrastructure base can absorb the resultant adverse economic consequences and ensure that the growth process over the medium term, remains sustainable and inclusive.

(Source – Central Bank of Sri Lanka Annual Report)

OVERVIEW OF THE INDUSTRY

PORT SERVICES

While activities in the ports experienced significant setbacks in 2020 due to the local COVID-19 outbreak and international disruptions in supply chains, it rebounded to some extent by the end of the year. The positive growth momentum observed by mid 2020, has continued where both container and cargo handling activities recorded positive performance with the easing of mobility restrictions. Meanwhile, the outbreak of the second wave of the pandemic during 2020 weighed negatively on port sector activities, largely due to a number of COVID-19 cases being reported among staff of the Port of Colombo. As a combination of these factors, both container handling and cargo handling activities at the Port of Colombo witnessed year-on-year contractions in 2020, along with a decline in ship arrivals. Container handling, including transshipment handling, declined in all terminals of the Port of Colombo. The Colombo International Container Terminal (CICT), Sri Lanka Ports Authority (SLPA), and South Asia Gateway Terminal (SAGT) accounted for 42.1 per cent, 30.6 per cent, and 27.3 per cent, respectively, of the total volume of containers handled at the Port of Colombo. Although SLPA and SAGT registered declines in volumes of cargo handling, CICT recorded a marginal growth of 0.6 per cent in the same. The operations of the first quay wall of the East Container Terminal (ECT) commenced in October 2020 and 41,741 Twenty-foot Equivalent Container Units (TEUs) were handled by the ECT by end December 2020. Although vehicle handling declined notably at the Port of Hambantota during 2020, cargo handling registered a significant expansion with the diversion of some vessels from the Port of Colombo to the Hambantota Port with the outbreak of COVID-19 at the Port of Colombo. The total number of vehicles handled at the Hambantota Port declined by 14.3 per cent to 352,917, especially due to the 51.8 per cent decline in domestic vehicle handling to 16,896 vehicles. Policy measures taken by the Government to curtail motor vehicle imports contributed to the slowdown in vehicle handling at the Port of Hambantota. Meanwhile, vehicle handling carried out at the Port of Hambantota for transshipment purposes also witnessed a year-on-year contraction of 10.8 per cent to 336,021 vehicles in 2020.

The Government's efforts to enhance infrastructure facilities in the major ports of the country continued during 2020, although several setbacks were caused by the COVID-19 pandemic and trade union actions. A feasibility study for the Colombo North Port Development Project was underway in 2020. The environmental impact assessment for the development and extension of the Kankesanthurai Port was completed in 2020 and the Cabinet of Ministers granted approval for land acquisition for this project. Further, the financial feasibility study for the expansion of the Ashraf Jetty at the Trincomalee Port was completed during the year. Subsequent to trade union action against the proposed foreign partnership for the ECT development project, the Cabinet of Ministers granted approval in February 2021 to operate the ECT as a container terminal fully owned by the SLPA. Further, approval was granted to develop and operate the West Container Terminal (WCT) of the Colombo Port through a partnership between SLPA and parties nominated by the Governments of India and Japan on the basis of returning the same within 35 years. The financial performance of the SLPA improved during 2020 despite the decline in port activities.

CIVIL AVIATION

The performance of the civil aviation sector experienced a notable setback in 2020, due to the sharp decline in travel and tourism related activities in the wake of the COVID-19 outbreak. The emergence of the COVID-19 pandemic crippled the global air travel industry. As per the International Air Transport Association (IATA), international passenger demand declined by about 76 per cent in 2020. Domestically, the continued closure of airports from mid-March onwards till early 2021 weighed negatively on aviation activities in the country. Total number of aircraft movements through the Bandaranaike International Airport (BIA) showed a notable decline of 65.4 per cent to 24,931 aircraft movements, comprising 20,437 international aircraft movements and 4,494 domestic aircraft movements. Total international passenger movements at the BIA, including transit passengers, decreased significantly by 77.4 per cent to 2.6 million during 2020. Although most of the airlines utilised their aircraft for cargo operations during this period, total volume of cargo that was moved through the BIA during the year declined by 44.8 per cent to 136,043 MT. Further, the Mattala Rajapaksa International Airport (MRIA), which was used as an alternative airport to handle repatriation flights, recorded 15,482 passenger movements and 505 aircraft movements during 2020. Following the outbreak of COVID-19, international operations were not carried out by the Jaffna International Airport (JIA) from mid-March to December 2020, while four domestic flights were operated with 20 passengers onboard after resuming operations for domestic travel in October 2020. Accordingly, total passenger movements and aircraft movements at the JIA were reported as 3,502 and 140, respectively, during 2020. Further, total passenger movements in the Ratmalana Airport and the Batticaloa Domestic Airport declined by 14.7 per cent and 63.4 per cent, respectively. Although the recovery in air travel remains subdued thus far, the rapid deployment of vaccines across the world is expected to create a steady improvement in traveler sentiment. The reopening of Sri Lanka's borders in January 2021, with 'bio bubble' arrangements, will enable the country to reap the benefits of renewed interest in air travel. Meanwhile, the BIA received the 'Certificate of Accreditation' in January 2021 by the Airports Council International (ACI) for its commitment to prioritising health and safety measures in accordance with international recommendations. This credential is expected to boost the confidence of international travelers and airlines and validate Sri Lanka as a safe travel destination during this pandemic.

The COVID-19 outbreak and related lockdowns dampened the progress of several aviation development projects during 2020. Airport and Aviation Services (Sri Lanka) Limited (AASL) initiated a project comprising the construction of a second terminal at the BIA (package A) and the construction of remote apron and taxiways (package B). Construction work of package A commenced in November 2020 and the project is scheduled to be completed within 36 months, while package B registered a progress of 92 per cent and is scheduled to be completed within the first half of 2021. The construction of an import cargo terminal at the BIA with an additional annual capacity of 150,000 MT is also underway. Meanwhile, activities related to the Master Plan (2018-2030) to develop the Ratmalana Airport as an 'Exclusive Gateway to Colombo' was in progress during 2020. The AASL was also engaged in the restructuring and remodelling of the existing passenger terminal building to extend the capacity at the BIA, and in the development of a dedicated access road to the BIA with a view to easing traffic congestion during peak hours. In collaboration with other Government institutions, the AASL also undertook several health and safety measures in light of COVID-19. This included the issuance of Standard Operating Procedures to passengers and airlines, installation of a PCR laboratory and thermal scanners within the BIA premises and facilitating special flights for the repatriation of migrant workers.

Travel restrictions associated with the COVID-19 pandemic weighed negatively on the performance of SriLankan Airlines (SLA). As per provisional financial statements, SLA incurred an operating loss of Rs. 30.9 billion in the period from April 2020 to January 2021, in comparison to the Rs. 13.9 billion loss recorded during the period from April 2019 to January 2020, which also included the impact of the

Easter Sunday attacks. During the period under review, revenue of SLA registered a notable decline of 75.9 per cent, while operating expenditure declined by 58.4 per cent. SLA initiated cost-cutting measures including aircraft lease contract renegotiation, employee related cost reduction, renegotiation of contractual obligations and suspension of non-essential service contracts and renegotiation of fuel prices, with a view to mitigating the impact of the COVID-19 pandemic on the financial performance of SLA. During 2020, the airline continued to engage in the repatriation of Sri Lankan nationals dispersed globally, while some charter operations were also carried out to meet new requirements. Accordingly, 39,583 passengers were repatriated through 159 flights from 01 April 2020 to 10 January 2021. Cargo operations of SLA were also expanded in view of facilitating export activities, and the current cargo network comprises 18 destinations.

(Source – Central Bank of Sri Lanka Annual Report)

INDUSTRY STATISTICS

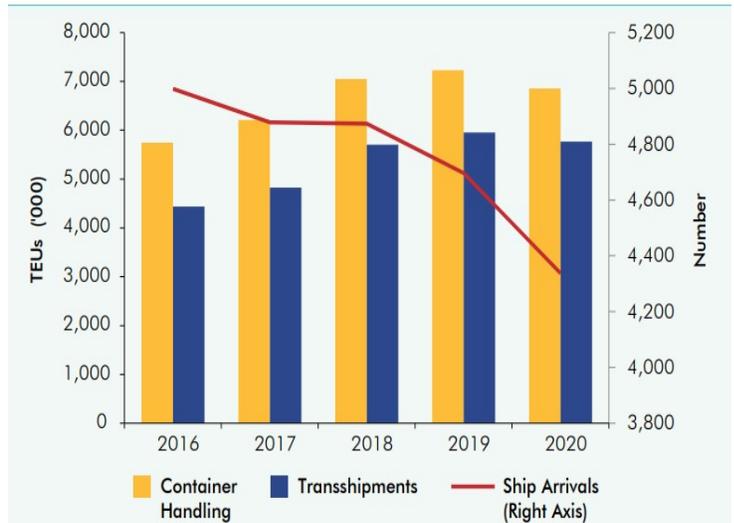
Table 3.6
Performance of Port Services

Item	2019	2020 (a)	Growth Rate (%)	
			2019	2020 (a)
1. Vessels Arrived (No.)	4,697	4,337	-3.6	-7.7
Colombo	4,198	3,806	-3.1	-9.3
Galle	43	22	-48.8	-48.8
Trincomalee	142	135	-24.9	-4.9
Hambantota	314	374	16.3	19.1
2. Total Cargo Handled (mt '000)	106,979	102,908	1.9	-3.8
Colombo	101,926	97,681	1.8	-4.2
SAGT	26,515	24,878	-2.0	-6.2
CICT	37,089	37,310	9.4	0.6
SLPA	38,322	35,493	-2.3	-7.4
Galle	510	404	-30.1	-20.8
Trincomalee	3,304	3,072	-7.2	-7.0
Hambantota	1,239	1,750	151.0	41.2
3. Total Container Traffic (TEUs '000) (b)	7,228	6,855	2.6	-5.2
SAGT	2,052	1,872	-0.7	-8.8
CICT	2,894	2,885	8.1	-0.3
SLPA	2,283	2,098	-1.0	-8.1
4. Transshipment Containers Handled (TEUs '000) (b) (c)	5,955	5,765	6.3	-3.2
SAGT	1,651	1,607	-2.1	-2.7
CICT	2,296	2,291	12.5	-0.2
SLPA	2,008	1,867	1.6	-7.0

(a) Provisional
(b) TEUs = Twenty-foot Equivalent Container Units
(c) Includes re-stowing

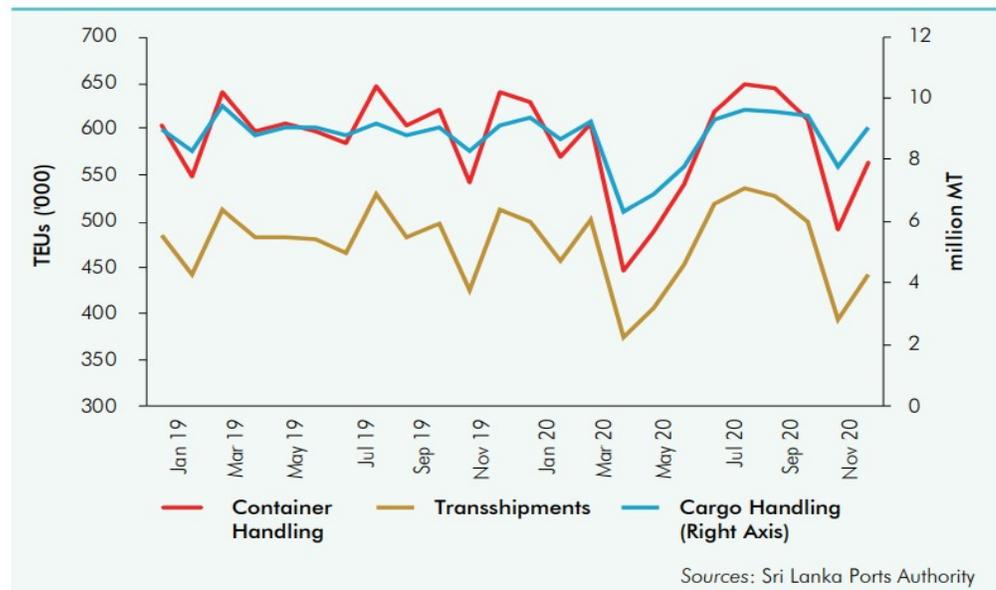
Source: Sri Lanka Ports Authority

Figure 3.8
Container Handling, Transshipment Volume and Ship Arrivals



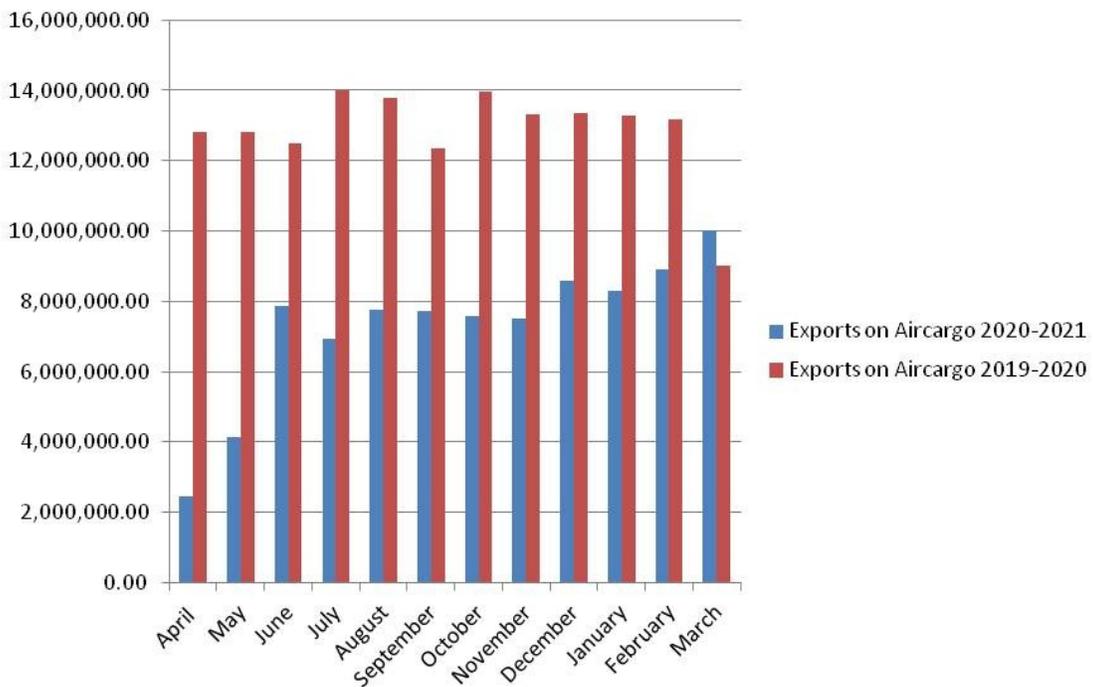
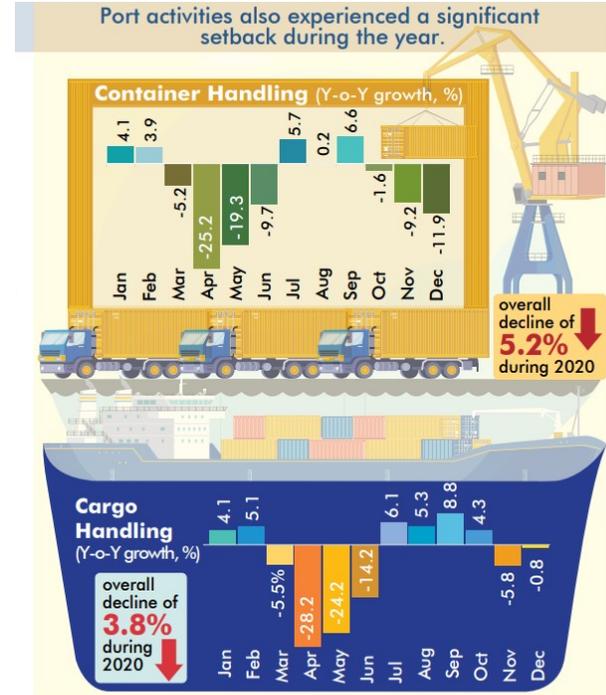
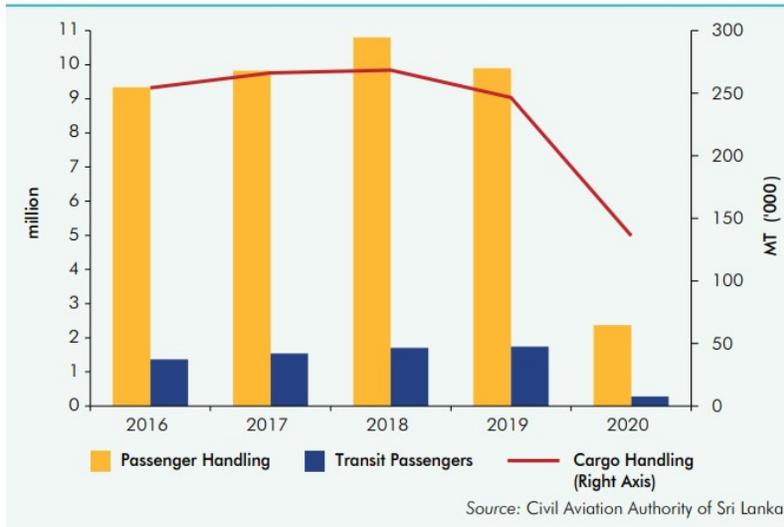
Source: Sri Lanka Ports Authority

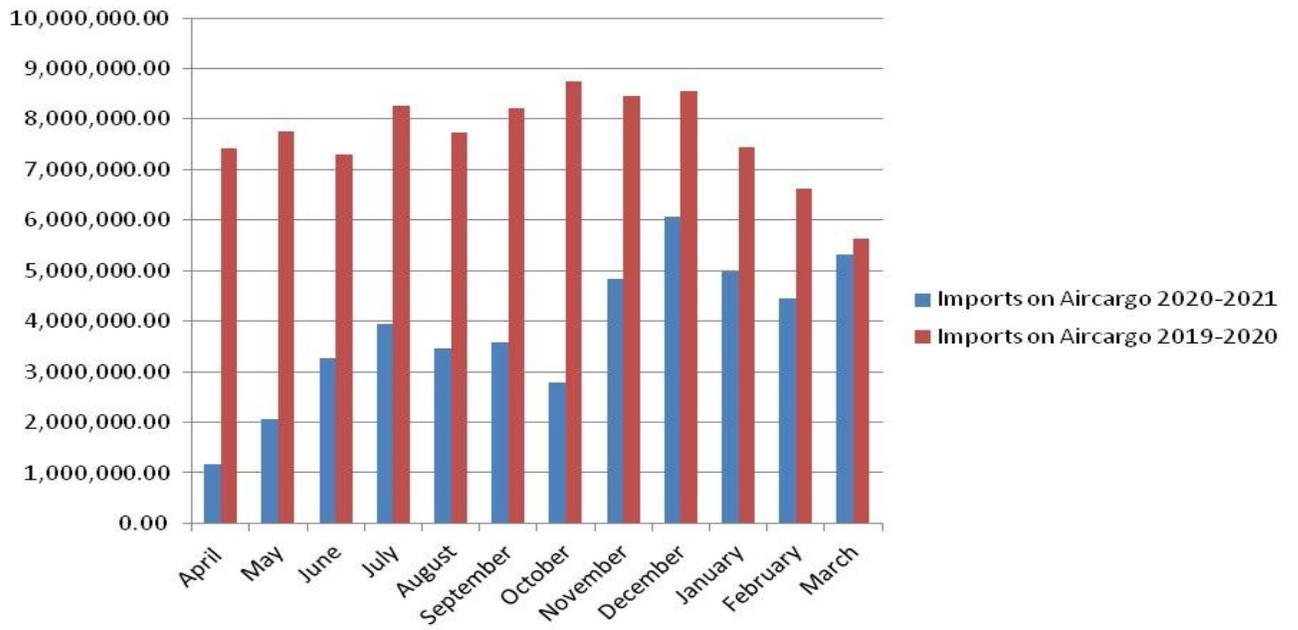
Figure 3.9
Performance of Port Activities



Sources: Sri Lanka Ports Authority

Figure 3.7
Air Passenger and Air Cargo Handling





ACTIVITIES OF THE ASSOCIATION

The Association continued to maintain active dialogue amongst its members and with all other stakeholders associated with the industry, as well as Government and statutory bodies, particularly in relation to maintaining professionalism and efficiency in the freight forwarding industry as a whole.

In addition to its ongoing projects and activities, the Executive Committee focused more on sustaining the Association's position in matters concerning ocean freight and Customs, Air Cargo Village (ACV), air freight charges, E-Air Way Bill submission, Port tariff and Delivery Order charges, and conducted regular discussions with officials of the Sri Lanka Ports Authority (SLPA), Sri Lanka Customs (SLC), Airport & Aviation Services (SL) Ltd (AASL), Srilankan Cargo, Civil Aviation Authority of Sri Lanka (CAASL) Sri Lanka, Export Development Board (SLEDB) and the Directorate of Merchant Shipping of the Ministry of Ports & Aviation.

In addition The Executive Committee engaged in discussions with The Ceylon Chamber of Commerce, Sri Lanka Shippers Council (SLSC) and Ceylon Association of Shipping Agents (CASA). Strengthening the self-regulatory regime introduced by the Association, regular training programs and seminars were conducted for the benefit and betterment of the members.

SLFFA EMBARKED ON THE 40TH YEAR OF SERVICES IN 2021

In the beginning, in the 1980s, the country had recently opened up, moving away from protective and inward-looking economic policies. The export sector, in particular the apparel industry, was emerging alongside key and massive infrastructure development projects. The demand for freight and logistics services was steadily on the rise, with new entrants flooding the marketplace. Yet, the operational setting was disorganised and unstructured—with no proper standards and procedures, combined with policy and bureaucratic bottlenecks. With SLFFA coming into being, the industry 'turned over a new leaf'—lobbying for policy changes and bringing in the much-needed quality and standards. Since then, SLFFA's journey has been unwavering, adapting to the changing times. Today, with over a hundred members from just around ten at its formation, SLFFA is geared to face what the future may hold.

As part of the history, SLFFA will be publishing a Coffee Table Book capturing the story of SLFFA through the eyes of our senior members, both past and present. The pages reflect the essence of the adversities we have faced, lessons learnt and the progress we have made through the years. It encompasses our early years of 'making of SLFFA' in the 1980s to 1990s; our journey through the millennium; and our aspirations in the new decade. It is our hope that this publication will help to bring in due recognition to our industry, highlighting the pivotal role played within the country's economic development agenda. Our affiliation with The Department of National Archives and the Colombo Public Library on this publication, will no doubt do justice in positioning our industry and the journey taken by SLFFA in the annals of the island nation's economic history.

COVID-19 REPORT

Needless to say, the COVID-19 pandemic affected the logistics and freight forwarding industry drastically and it was imperative for the committee to take proactive and purposeful action to safeguard the interests of all members and thereby protect the industry. Given the magnitude of the calamity, it was an uphill task and neither the industry nor the regulators were prepared to face the challenges. It is in this backdrop that the executive committee rose to the occasion and carried out the following with the betterment of the members in mind:

Obtaining Curfew Passes

The foremost challenge at the time was the restrictions imposed on the movement of people and cargo. The SLFFA Executive Committee spent many hours and days discussing, requesting and convincing the authorities to provide curfew passes for those from the logistics and freight forwarding industry such that items could be cleared from the port, cargo could be transported and certain staff could report to work to carry out the essential functions.

Demurrage and Detention Waivers

After numerous fruitful discussions and requests made to the Sri Lanka Ports Authority (SLPA) and the liners, SLFFA was able to obtain waivers and extensions from SLPA for the demurrage charges and liners for the detention charges.

Clearance for Transporters

When the authorities approved the clearance of essential goods with HS Codes from 1-40, the industry faced another stumbling block as there weren't sufficient transport providers to move the cargo out of the port. With only 10-15% of the usual transport providers being available in Colombo, it took a further round of efforts and discussions to obtain permission for the drivers and staff of transporters to enter Colombo to carry out their duties.

Inclusion of the Logistics and Freight Forwarding Industry in to the Moratorium Scheme

A written request was made to Dr. P B Jayasundara to include the industry as one that qualifies for the various moratoria facilities that were made available.

Encouragement and Support to Apply for the Debt Moratorium Facilities

All SLFFA staff were informed in writing of the debt moratoria and the secretariat provided direct guidance and support for those who required help to apply for the facilities.

Involvement in the SLPA Special Task Force

Arguably the best outcome of the COVID-19 pandemic for the industry was the formation of a working committee that addresses pressing issues of the industry. The committee per se consists of representatives from all necessary associations and authorities to voice the concerns and carry out fruitful dialogues on ways to improve. SLFFA is represented by the Chairman, Mr. Roshan Silva and the committee continues to meet fortnightly or monthly. This committee has been successful in establishing a communication channel for customers and forwarders to complain about demurrage and detention charges and to counter the issue, the committee has also come up with a refund issuing mechanism.

Request for Credit Extension to Liners

A formal request was made to the ocean liners to afford longer credit terms to the forwarders as most SLFFA members faced a cash crunch in the wake of the outbreak. The request was duly heeded and some even offered waivers and extensions till the end of June.

PORT, CUSTOMS & OCEAN FREIGHT

During the period under review SLFFA representatives met with the officials of Sri Lanka Customs (SLC), Sri Lanka Ports Authority (SLPA), Director General Merchant Shipping (DGMS) and Ceylon Association of Shipping Agents (CASA) on numerous occasions to address industry related issues. A synopsis of the progress made in relation to various areas are given within this report.

Delivery Order(DO) Fees and Other Miscellaneous Charges

The discussions concerning the DO fees and other charges were continued with the DGMS and the difficulties faced by the freight forwarders were explained. Two solutions were proposed to address the current issues pertaining to the DO rates charged by the liners, being firstly Liners to implement a two-tiered fee for DO's to be issued to freight forwarders at a rate lower than the charge levied from shippers with a price cap placed on both rates. Such a two-tiered pricing mechanism will ensure that freight forwarders are not at a disadvantage. Secondly, permit freight forwarders to obtain a reimbursement based on actuals and the liner charges reimbursed in addition to the all inclusive freight rate.

SLFFA engaged with several discussions with DMS and other industry stakeholder Associations such as CASA, SLAVO, & SLANA over the last 3 yrs or so to discuss all concerns regarding the DO fees and other related charges levied by the respective service providers. In addition SLFFA had several discussions with leading Associations involved in the import/export trade such as, JAAF and SL Shippers Council as well, to discuss our concerns and reach a consensus. A final meeting was held recently chaired by the Secretary, Ministry of Ports & Shipping where all concerns of all stakeholders were discussed, resulting in the recent issuing of guide lines to the industry by DMS.

Electronic Delivery Orders

SLFFA participated proactively in the dialogue pertaining to the issuance and acceptance of electronic delivery orders (E-DOs). Though this phenomenon had been discussed on multiple occasions in the past, it was never actioned properly. However, with the turn of events subsequent to the pandemic, all stakeholders gradually fell in line and currently the E-DO process is practiced steadily. There were initial issues pertaining to the terminals having their own processes and mechanisms for acceptance of E-DOs, SLFFA pointed out the necessity for the terminals to assume responsibility for the release of cargo to the rightful party. Other issues practically experienced by the members were brought to the notice of the relevant authorities and the teething issues have now been resolved for the betterment of the industry as a whole. However, further work needs to be carried out in establishing a clear EDO process and SLFFA is working on this matter with the relevant authorities.

Port Related Matters

SLFFA has taken the leadership in discussing multiple areas of concern with the Sri Lanka Ports Authority (SLPA) in order to achieve efficient and lasting solutions for some of the pressing concerns faced by the industry. The issues that have been taken up at the numerous forums are the import clearance process, MCC operations, export container scanning process, proposed warehousing facility, enhancement of rail network infrastructure and the overall consultative approach to be adopted prior to implementing changes to tariffs and other important aspects of the trade. Thus far, the response from SLPA has been positive and much progress has been made in all areas of concern.

De-Stuffing During the Lock Down

During the COVID-19 lock down, since the port was closed, the consolidators faced a crisis. The Ocean Freight Committee was actively involved in the action taken to transfer the containers from the terminals to yards and expedite the de-stuffing procedure.

Negotiation of Terminal Charges During Lock Down

SLFFA actively voiced the concerns of its members pertaining to the storage charges levied by terminal operators and lines during the lock down. SLFFA was included in the special committee that was appointed by the Ministry to review and provide relief to importers for the costs they had to incur on storage due to the lock down. Both the terminal operators and main lines reviewed these concerns favorably and under the guidance of the Chairman of SLPA granted certain concessions. Also, a refund mechanism was established as a relief measure.

Customs Related Matters

With the appointment of the new Director General of Customs last year, SLFFA was invited along with a few other associations to discuss the most pressing issues and the new paradigms that the industry should strive to achieve. SLFFA recommended that the archaic Customs Ordinance is revamped in line with the future goals of the industry and that clearance related work is expedited, especially during weekends and holidays. The concerns with regard to the Entrepot trade, cargo examinations, Bond/ex-Bond processes, E-Manifest reporting, the adhoc levying of penalties and the need to fully implement the proposed National Single Window were the key focus areas for discussion. Several meetings were also held with Customs by SLFFA and other Associations to reduce the manifest amendment charges and related penalties.

SLFFA also raised the concern pertaining to the submission of hard copies of manifests to minimize the service interruptions at BIA and the port. Discussions were held with Sri Lanka Customs to ensure that document submission can be continued to be carried out the ASYCUDA system instead of submitting both soft and hard copies, as it was the practice prior to the lock down. The situation is currently being monitored by SLFFA and further action will be taken as required. On the proposal by Customs of scanning all containers, SLFFA has pointed out that process will be faster if the drivers too are duly trained.

Improvements to De-consolidation at the Port

SLFFA lobbied persistently to have the warehousing facilities improved at the port and to ensure that a more efficient procedure is practiced for de-consolidation.

Port Demurrage and Liner Detention

SLFFA is in the sub committee appointed by the SLPA to look in to the matter pertaining to the liability of freight forwarders for port demurrage and liner detention. The intention is to bring in an equitable way of handling the fees levied by SLPA. Though both charges are directly payable by the liners, they pass the cost on to the freight forwarders. Hence, the possibility of including these under the Freight Forwarders' Liability Insurance is also to be reviewed.

Loading Charges of MCC Cargo

In the event of a multi country consolidation, the cargo that was imported into Sri Lanka is de-consolidated at a warehouse within the port. Consolidation for export purposes happens in two stages with the local cargo being stuffed outside the port and the transshipment cargo being stuffed within the port. At present, SLPA levies MCC excess charges even for the volume that is loaded prior to the container reaching the port, in addition to the loading fee for transshipment cargo. Discussions are underway to resolve this anomaly.

AIR FREIGHT & AIR CARGO VILLAGE (ACV)

The team that is responsible for air freight and air cargo village matters played a major role in the action that needed to be taken by the Association, especially during the pandemic. Some of the key actions and initiatives are given herein.

Measures Taken During at the Outbreak of the Pandemic

Discussions were held with Airport and Aviation Services Limited (AASL) and Sri Lankan Cargo to obtain concessionary rates on warehousing as items had to be stored for longer periods due to the lock down. As a result of these dialogues, SLFFA was successful in obtaining a 50% reduction in the monthly rent payable to the Air Cargo Village for the months from April onwards. Further, discussions were held to ease the flow of cargo, develop infrastructure facilities, expand capacity and introduce additional scanners and other advanced technology to reduce pilferage.

Air Cargo Village (ACV)

SLFFA entered in to an active dialogue with AASL on the matters of automating the issuance of entry passes; minimising delays and damages to cargo during security checks and improving the overall conditions of warehouses. In order to minimise pilferage at the ACV, the re-installation of CCTV cameras was completed in Terminals 1 and 3 to cover the common areas.

E-Air Way Bill Initiative

After several rounds of requests made by SLFFA even through previous committees to commence issuance of electronic air way bills, the Civil Aviation Authority of Sri Lanka (CAASL) took the necessary measures commencing February 2020. All airlines operating in and out of Sri Lanka and air cargo agents have been issued a directive with regard to the issuance of electronic air way bills were granted a grace period until December 2020 to comply with same. An e-freight workshop was held subsequently with the participation of representatives from the IATA Regional Office, the Cargo Community Network (CCN) of Singapore, SLFFA, Ground Handling Agents, airlines and cargo agents. However, the ongoing pandemic has affected the progress and time lines have been re-issued by CAASL till August 2021 for all players to fall in line.

Sea to Air Transshipment Cargo

Subsequent to several discussions held between SLFFA and the Assistant Director General of Customs the process pertaining to transshipment from sea to air was simplified. The new process promises to reduce the high operational cost and is currently being monitored by SLFFA to identify further improvements.

Air to Air Transshipment Cargo

Subsequent to numerous rounds of discussions, SLFFA was successful in having the tax levied by Sri Lanka Customs for air to air transshipment cargo being eliminated.

Issuance of Electronic Container Deposit Notes

An electronic version of the CDN was introduced recently and is currently being tested. This solution would reduce the workload of freight forwarders and make the process more efficient.

Involvement in the Air Cargo Movement Development Plan

SLFFA is continuing to function in the committee appointed by the Ministry of Aviation and Transport to make recommendations and provide expertise for the development of a new facility to enable better and faster air cargo movements.

RESEARCH AND DEVELOPMENT

During the year under review, SLFFA delved into three main projects as follows;

Project 1- Process Mapping for Ocean and Air Imports, Exports and Customs House Brokering Aspects of Logistics in Sri Lanka

SLFFA was successful in garnering voluntary support from the Faculty of Engineering of the University of Peradeniya (UoP). The project commenced last year and continued even during the lock down. SLFFA members provided much of the data required for the study and the team from the UoP has been successful in putting together all the processes and procedures that are currently followed in relation to imports, exports and customs house brokerage. The macro processes and the sub processes have been duly documented to elucidate the duplications and bottlenecks within each process. The most up to date status of the project is that the compilation has been completed and the findings have been re-validated by SLFFA. The findings will now be submitted to the relevant authorities with the intention of having better and more efficient processes implemented.

Project 2- Statistical Analysis of the Contribution of the Freight Forwarding and Logistics Industry to the National GDP

SLFFA commenced a project to understand the value and national contribution by those in the industry towards the GDP (Gross Domestic Product). It was highlighted that access to such information would be useful for forum discussions and also to establish an acceptable global ranking. Accordingly, SLFFA had meetings with Statistics of Central Bank of Sri Lanka (CBSL) and the Department of Census and Statistics of Sri Lanka (DCS). They currently capture data under the topic of 'Storage and Transportation'. The progress on this matter has been slow due to various macro-economic factors, but the committee is following up closely to ensure that the requirement is fulfilled.

Project 3 - Proposed Integration of Trade Debtor Data into the Information Coverage of the Credit Information Bureau of Sri Lanka (CRIB)

A formal request was submitted and a discussion was held with the key officials of the Credit Information Bureau of Sri Lanka to initiate the capture of debtor data from the members of SLFFA. The underlying purpose was to safeguard the members from known defaulters.

OTHER INDUSTRY RELATED MATTERS

The SLFFA Board of Directors, committee members and the Secretariat had an eventful year and judiciously carried out duties amidst the challenges of the pandemic and other macro economic variables. SLFFA was called upon on numerous occasions to represent its members and was also included in advisory roles of national importance. A summary of these representative roles played are given herein.

National Export Strategy

The formulation of a national export strategy was the brainchild of the Export Development Board (EDB) and one of the key focus areas was the arena of logistics. SLFFA was appointed as a member of the Advisory Committee a few years ago and discussions are ongoing on a regular basis, such that EDB can gain a deeper understanding of logistics and the issues faced by the industry. SLFFA leads the subcommittee on the theme, 'To Promote the Image of Sri Lanka as a Logistics Hub in the Region' and work is in progress.

Entrepot Trade Facilitation

In order to improve the facilities available and processes that govern Entrepot trade in Sri Lanka, an Advisory Committee chaired by the Export Development Board has been established. SLFFA has been involved in the discussions and in the formulation of the draft that was presented to the Director General of Sri Lanka Customs.

Logistics Performance Index (LPI)

The current Logistics Performance Index compiled by the World Bank is considered to reflect more of a ‘logistics perception’ than a ‘logistics performance’. This issue was first identified a few years ago and SLFFA initiated discussions with the World Bank representatives to resolve the matter. Subsequently, a meeting was held with a delegation from the World Bank Head Office, where they acknowledged the drawback in the current indicators and how it could be creating a negative impression about the true nature of logistics of Sri Lanka. Accordingly, they agreed to revise same with effect from the next index published.

On Line Bidding Platform

Pursuant to an idea that was submitted to the Chairman of SLPA on creating an online bidding platform for abandoned containers, SLFFA confirmed their fullest support and would even take a lead in developing the platform.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Continuing the long term CSR program of SLFFA that commenced in 2012 with one the foremost children's hospitals in the world, The Lady Ridgeway Hospital(LRH), to upgrade the facilities available. SLFFA donated LKR 1 Million towards the project to cater to the growing demands. The funds required for this project were collected from the proceeds of the biennial Dinner Dance held in 2018 and through sponsorships. SLFFA was unable to organize its bi-annual fund-raising Dinner Dance which was scheduled to be held in December 2020, due to the COVID-19 pandemic.



SECRETARIAT

The SLFFA Secretariat continues its daily operations from its location at the office of SLFFA Cargo Services Ltd at No. 37D, Torrington Avenue, Colombo 07, Sri Lanka.