

SEPTEMBER 2023 | 18TH EDITION

COMMERCIAL SHIPPING AND INTERNATIONAL PART TWO

<u>5</u>8

An interview with

Mr. Keith Bernard



WHY DOES SRI LANKA CLAIM IT HAS LESS CAPACITY THAN LEAST DEVELOPED COUNTRIES FOR TRADE FACILITATION?

A QUARTERLY PUBLICATION BY



No 56, Ward Place, Colombo 7, Sri Lanka

NAVIGATING SRI LANKA'S INVESTMENT FITHRE-

THE BOI'S
OUTLOOK FOR
TRANSFORMATION
AND GROWTH

CEYLON ASSOCIATION OF SHIPPING ACENTS CONDUCTS TISC

Rs.600/-ISSN 265 <u>I-026X</u>





- ► SHIPPING AGENCY SERVICES
- TRADING AGENCY
- FREIGHT FORWARDING
- ► CUSTOM HOUSE BROKERAGE ► CORPORATE EVENTS
- NVOCC AGENCY

- STS SERVICES
- SHIP CHANDLING
- TOTAL LOGISTICS SERVICES
- CUSTOMIZED VACATIONS





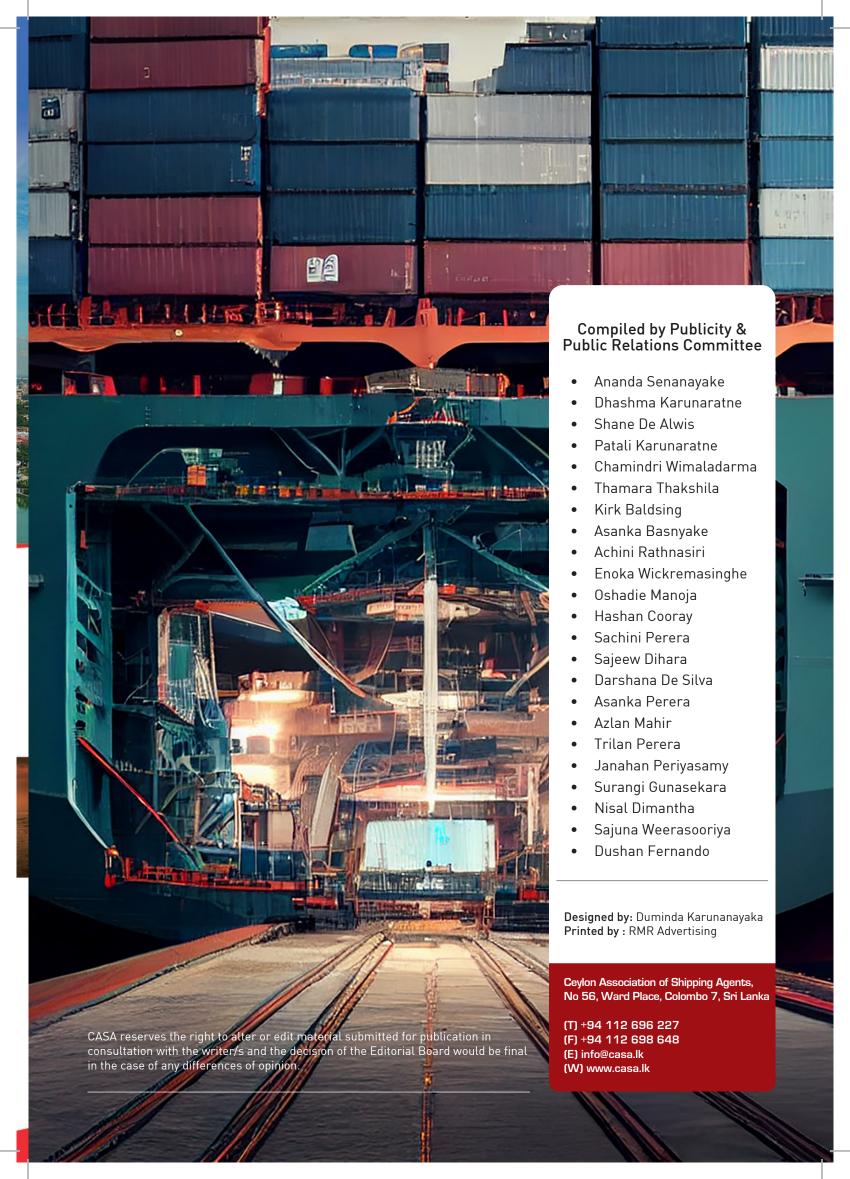












An interview with

Mr. Keith Bernard

CHAIRMAN SRI LANKA PORTS AUTHORITY OF CEYLON ASSOCIATION OF SHIPPING AGENTS CONDUCTS ITS

57TH ANNUAL GENERAL MEETING

NAVIGATING SRILANKA'S INVESTMENT FUTURE: THE BOI'S OUTLOOK FOR TRANSFORMATION AND GROWTH



BACKGROUND NOTE
VERITÉ RESEARCH SRI LANKA POLICY GROUP

Sri Lanka falls behind Least Developed Countries in trade facilitation

— Here are three steps it can take to reverse this trend.

July 2023

YOUNGSHIP SRI LANKA **ORGANIZED THE** "PATRONS FORUM"

WHY DOES SRI LANKA FOR TRADE

THE CONCERNING NOTIFICATION MADE TO THE WORLD TRADE **ORGANISATION** 63

36

YOUNGSHIP SRI LANKA **ORGANIZED AN** "OPEN QUIZ NIGHT"

38

YOUNGSHIP SRI LANKA **SUCCESSFULLY ORGANIZED A THOUGHT-PROVOKING PANEL DISCUSSION ON** 'DIGITIZATION IN THE MARITIME **INDUSTRY AND THE POTENTIAL IMPACT OF PORT COMMUNITY** SYSTEM IN SRI LANKA'

RECENTLY,

COMMERCIAL **SHIPPING AND** INTERNATIONAL TRADE

PART TWO

58

40

65





An interview with

Mr. Keith Bernard



CHAIRMAN SRI LANKA PORTS AUTHORITY

Sri Lanka Ports Authority (SLPA) always had a vision of making Sri Lanka a maritime hub. What are the initial steps which need to be taken to make this vision a reality?

I believe the Sri Lanka Port Authority is not far from realizing the vision to become a maritime hub. Attracting transshipments is key to becoming a maritime hub and we are the main hub port for transshipments in the Indian Ocean. Nearly 85 per cent of the throughput handled by Colombo Port are transshipments.

The Colombo Port enjoys a geographical position close to the East West shipping

route which is a key advantage favouring our vision to carving our place as a maritime hub. We are ranked number 23 in the word for container handling with an available capacity of 7.2 Million TEUs per annum. To retain and further strengthen our position as a maritime hub we need to increase the current capacity, expand our infrastructure, upgrade and introduce modern port facilities and make Colombo more customer friendly.

What are the challenges you face achieving this vision?

Having a strategic location and occupying a lead position in the Indian Ocean as a hub port does not necessarily guarantee long term success. We need to sustain our

business and execute our plans to developing the Port of Colombo to be future ready.

Ports in India and Bangladesh are investing in infrastructure and capacity to develop into greenfield ports and regional transshipment hubs. Besides the port related developments taking place in India and Bangladesh, in a more broader sense there also are two port hub groups that the Port of Colombo must compete with; the Middle East Hub Group lead by ports such as Jabel Ali, Kalifa and Salalah, and the South-East Asian Hub Group lead by Singapore, Tanjung Pelepas and Laem Chabang. The Middle East Region Hub Group Ports and the South-East Asian Hub Group Ports, Singapore in particular are strong competitors to Colombo. Competition is inevitable, but we have to take cognizance of the developments in the South Asian region, Middle East and East-Asian regions and develop our own strategies to become the hub port of choice, and this would mean investing in new infrastructure, increasing capacity, adding facilities, improving efficiencies and offering high quality service.

The National Port Master Plan developed with funding by the Asian Development Bank serves as the blueprint to make Sri Lanka a maritime hub. As the Sri Lanka Ports Authority we assume a lead role in executing that plan and remain steadfast in our mission to making that happen. I cannot spell out the details of that plan at this point in time but I can assure that you will see rapid developments in the port sector of Sri Lanka in the near future.

What are the new investments expected in Port of Colombo?

There are new investments taking place in the Port of Colombo. Some investments are by the SLPA, some in the form of Public Private Partnerships or PPPs and there also are investments made by the government of Sri Lanka such as the Port Access Elevated High Way.

By its own SLPA is investing in developing the East Container Terminal

or ECT and in the expansion of the SLPA owned Jaya Container Terminal, that is the JCT. The East Container Terminal quay when completed will be 1300 meters long. It will also have a draught of -18 meters to -20 meters, and thereby a capability to berth three ultra large container vessels at any time. The terminal will have a yard area in excess of 70 HA and will be equipped to operate as a semi-automated terminal. We hope to commence operations of the extended ECT terminal in 2024 and thereafter to operate at its full potential by 2025.

As the JCT-V, Sri Lanka Ports Authority would be extending the JCT-IV container quay wall by 120 meters to accommodate two ships over 330 meters in length with a minimum alongside water depth of -15m. Work is in near completion and is expected to be operational in late 2023.

The West Container Terminal or WCT is being constructed by the Adani Group of India as a PPP. The John Keells Group of Sri Lanka alo holds an equity stake in the WCT while SLPA holds a 15 percent equity ownership in the project. Work progress of WCT-I is ahead of schedule and is expected to be completed in 2025. This terminal too would be a deep sea automated terminal.

With the completion of the ECT and WCT by 2025 it is forecasted that the present capacity at the Port of Colombo will be doubled to at least 14 million TEUs per annum.

In addition to the investments in the ECT and JCT, SLPA plans to transform the present BQ into a dedicated passenger terminal in order to capitalize on the rapidly growing tourism sector, specifically the cruise line calls that is showing great promise for the future.

In keeping with the latest trends and as part of future value added service offering, the Port of Colombo recently signed a BOT agreement with China Merchant Port that operates the deep sea Colombo International Container Terminal or CICT, to build and operate the state of the art intelligent South Asia Logistics Hub. This is a PPP project with majority ownership by China Merchant Port and minority ownership

stakes of 15 percent each by the Access Group of Sri Lanka and SLPA. A similar logistic Centre is planned as part of the WCT-phase II extension. SLPA will also invite expressions of interest from prospective investor to set up a logistics centre in an identified space owned by SLPA in the vicinity of the Port of Colombo.

The government of Sri Lanka as part of it plan to build a network of roadways with multimodal connectivity is constructing a Port Access Elevated Highway that will when completed in early 2024 connect the Port of Colombo with the Colombo Airport, the Hambantota Port and Mattala International Airport as well as all expressways connecting the port to all other ports, airports and economic centres in the country. This will create a formidable advantage for the port of Colombo as a hub port, logistics hub and a gateway container and cargo port.

In addition, the SLPA is also improving its port internal roadways, warehouses, workshops and ecology that would undoubtedly augment its position as a world class port.

Could you please explain to us on the port community system and how the PCS will help the Port of Colombo?

Port Community Systems (PCS), either in individual ports or as national systems are being implemented across the world. The National Port Master Plan of Sri Lanka prepared in 2019 has recommended implementing a PCS for Sri Lanka.

A Port Community System is an electronic platform that connects multiple systems or processors operated by various organizations that operate in a seaport or inland port community. This neutral and open electronic platform enables the intelligent and secure exchange of information between public and private stakeholders amongst port communities efficiently in a cost and time effective manner. It could improve the overall competitiveness

of the sea port community and lead to optimizing, managing and automating port and logistics processes through single source submission of data and connecting transport and logistics chains.

The function of a PCS is aimed at eliminating unnecessary paperwork which can clog up cargo handling. Using electronic data exchange, the PCS is an effective real-time information system that is fast, focused, flexible and multifaceted. It aims to improve efficiency at all stages of the process of manifesting, encompassing vessel discharge and loading, customs clearance, port health formalities and delivery in and out of the terminal. In addition, the PCS offers improved security, cost savings and convenience for each user. The PCS can either serve as a National Single Window or be integrated into the National Single Window, and therefore is pivotal in the National Single Window concept.

SLPA is leading the way to developing a Port Community System and is actively supported by all stakeholders of the Port Community in Sri Lanka such as all terminal operators at the Port of Colombo, Hambantota International Port Group, Sri Lanka Customs, transporters, port users etc., of course including CASA who has been an active supporter, participant and contributor in the PCS development process in Sri Lanka. The feasibility study and preparation of the RFP for PCS vendors is carried out by KPMG Sri Lanka in collaboration with the Port of Rotterdam, with the invaluable financial support of the Asian Development Bank. The Feasibility Study is in its final stages and we look forward to rolling out the PCS as early as possible.

The Port of Colombo will have to compete with large deep water terminals in the region. What strategies do we have to remain competitive in the region?

I mentioned areas of development and key initiatives that are being taken to

In addition, the SLPA is also improving its port internal roadways, warehouses, workshops and ecology that would undoubtedly augment its position as a world class port.



remain competitive. Capacity increases, improvement in efficiency, greenfield port initiatives, value added services and offering customer friendly service are key to our future competitiveness.

In addition, I believe we offer unsurpassed flexibility in our approach to serving our customers. At present the Port of Colombo operates two publicly owned and two privately owned terminal with an additional private terminal soon to be added to its fold. Although managed and operated independently, all terminus subscribe to a single goal of making the Port of Colombo a world-class and leading hub port. Although competing as independent terminals within the port, all terminals work together to enhance the overall competitiveness of the Port of Colombo by sharing a common vision to be the leading hub port in South Asia.

The SLPA and its partner terminals continuously invest in upgrading infrastructure, equipment and technology as well as in building the capacities of the port's most valued resource, its peoples' knowledge and skills, so that we stand shoulder to shoulder with the best of the best in the maritime world.

Being the second largest natural Harbour in the world, the Trincomalee Port is often overlooked. What plans do you have to develop this port?

I am not sure of Trincomalee being the second largest natural harbour, but certainly it is among the five largest natural harbours in the world.

The Trincomalee harbour had not been developed to its true potential, however His Excellency the President has declared the Trincomalee harbour to be developed as an Industrial Harbour, and the present Hon. Minister of Ports, Shipping and Aviation has assumed a lead role in implementing the plans as per the National Port Master Plan towards realizing that goal to make Trincomalee an Industrial Harbour.

Better utilization of the Ashrof Jetty at the Port of Trincomalee is a priory. RFPs are being called to set up new industries around the Trincomalee harbour towards increasing utilization of the Ashroff Jetty and the port in future. There also are plans to develop a dedicated area as a Ship repair facility. The long term plans will materialize with the construction of a deep water oil terminal. There also would be deep water conventional cargo berths as well.

At present most areas in close proximity to the port's water front are occupied by the community as residences. We are hopeful that we could relocate them in alternative lands owned by SLPA or offer compensation to relocate them in order that we could optimize the use of such lands near the water front. Process is already underway with the help of the relevant authorities for the proposed relocation. The railway line from China Bay be will connected to the Trincomalee Port with accessibility to surrounding industries to facilitate transportation of finished goods to the port and rest of the country.

There are known issues in the areas of power supply, water supply and access roads in Trincomalee at present, and these issues are being addressed as part of the Country's macro development plan.

The CPC and LIOC are jointly investing in the development of the oil tanks and torminal in Trincomalee and we will provide services in support of these investments

There is enormous potential to attract ship and rig repair services as part of the port ancillary service offering. This could attract lucrative foreign currency earnings to the economy and FDI inflows. SLPA decided to allocate Clapenburg of the Port of Trincomalee area for this purpose.

What do you think is the role played by Port of Hambanthota in the

journey to become a Maritime Hub?

The Hambantota Port is operated and managed by China Merchant Port. The concession agreement for China Merchant Port to operate and develop the port under a 99-years port management contract was finalized in 2017. The available port area of 6070 HA for industrial development in connection with the port makes the location ideal for large industries.

Conveniently located close to the main maritime route and availability of land gives Hambantota Port ample advantages as a port.

At present the Hambantota Port maintains a high focus on Ro-Ro operations and is on course to growing that business. The port also handles fair volumes of dry and liquid bulk. The port has a current tank farm capacity of 70,000 tons which it plans to further expand. The Hambantota port as I understand is desirous of developing as an energy hub and would be entering into partnerships with leading operators in the energy sector to assume a lead position in that sector.

I would be speaking outside my limits to discuss more on Hambantota Port as it is under the management of CM Port. I choose to respond on Hambantota in more general terms, but I am sure the HIPG management would be pleased to explain to you the journey chartered by Hambantota Port to become a Maritime Huh

Vessels are becoming larger in size. Therefore, investing on deep water terminals is crucial. What progress have we made in operationalizing the East Container Terminal and West Container Terminal?

Yes, there is a trend towards larger

vessels driven by the motive of higher economies of scale and lower unit costs. Larger vessels however have implications for port designs as larger depths are required and more efficient and larger cranes with greater height and reach would be required. Also, stacking space and hinterland connections are challenged as large quantities have to be moved quickly.

The existing CICT Terminal is geared to handle large vessels.

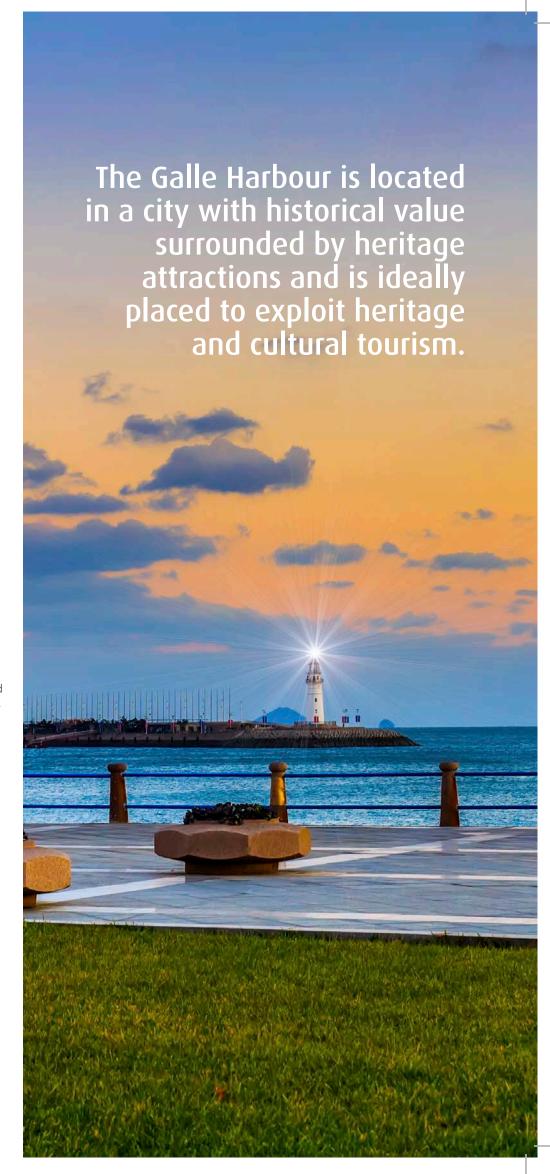
The new ECT to be operated by SLPA is designed with larger vessels in mind. The ECT will have a depth of -18M to -20M and the STS cranes, straddle carriers and automated rail mounted gantries will have the efficiency and capability to serve the largest vessels at optimal speed. The first phase of the ECT will be operational in the second quarter of 2024. The terminal will be fully operational in 2025. The ECT yard will have sufficient space, and the deployment of latest state of the art port related technology and semiautomation with possibility to upgrade to full automation would meet the demands of any vessel.

The new WCT that will be managed by the Adani Group would also be designed to meet the demands of any size vessel. Construction of the WCT is progressing ahead of target and phase I of the terminal is expected to be ready for operation in 2025.

What is the progress made on the marine yacht facility at the Galle port? Do you see this as an opportunity?

The RFP for the development of a marine yacht facility at the Galle Port was floated and we are hopeful of positive response. The Galle Harbour is located in a city with historical value surrounded by heritage attractions and is ideally placed to exploit heritage and cultural tourism.

There are certain clearances necessary from the Wild Life Department and the



other institutions emtusted to protect UNESCO declared world heritage attraction in Galle. We are confident that these approvals would be secured without delay to establish the Galle marine yacht facility, which has been a long felt need to complement plans in promoting Sri Lanka as a prime tourist destination.

Cruise tourism is a high potential sector for tourism in Sri Lanka. A fully fledged passenger terminal is very important to develop this sector. Please brief us on the initiatives taken to develop a fully-fledged passenger terminal.

We have planned a fully-fledged passenger Terminal at the Bandaranaike Quay (BQ) in the Port of Colombo. Although we use BQ for logistics operations at present, with the development of a new logistics facilities at the Port of Colombo, BQ could be released for development of the passenger terminal.

In the meantime, Galle, Trincomalee and Hambantota ports will also extend facilities to develop cruise tourism. We have planned to develop them within the next 5 years. We will open these projects for PPPs and Foreign Direct Investments.

How do you see Digitalization affecting shipping and ports? Are we ready for digitalization?

As already discussed we are nearing the completion of the feasibility study of the Port Community System. When implemented all digital networks will be connected to the Port Community System. It would also communicate with the ASYCUDA System used by the SL Customs and the Single Window developed by the Ministry of Finance of

Sri Lanka. The Port Community system will be fully operational on a digital platform.

I don't think we have a choice but to adopt digitization. Most leading ports are already operating Port Community Systems successfully. If we don't we will be left behind and may find ourselves uncompetitive and irrelevant in the future. Digitization when properly implemented would definitely entail cost savings, efficiencies and competitiveness.

You ask whether we are ready; most participants in the port community are ready. I don't think there is anyone in the port community that is reluctant to embrace digitization. A few may have more to do to migrate from semi digitization to full digitization, and I am sure they will do what it takes to get there. Also, the government has directed all government bodies to prepare to move to digital platforms and timeframe are being set for the move. So I think we as a country are moving in the right direction in digitization and this is a positive development.

What role do you expect the logistics and shipping industry to play in order to achieve the objective of maritime hub status?

One of the issues faced at the port is the prevailing inconveniences or lack of facilities for value addition and handling of MCC within the Customs boundary. There are difficulties in performing Customs procedures outside the port for bonding facilities. It is planned to create room and invite the private sector to jointly provide value added service and MCC as part of the logistics business within the port.

In addition, as part of the West Container Terminal stage II extension, a land area would be made available to the private sector for logistics operations via PPP arrangement. We will provide the opportunity for the private sector to conduct the logistics business inside the port within the Customs boundary. Logistics is a prerequisite for a leading maritime

hub, and the next 10-years would see the emergence of intelligent logistics centres within the Port of Colombo, thus ensuring its status as a front-line maritime hub.

Has the current Forex crisis led to a backlog in the port, if yes what action is currently being taken on this matter?

In the early stages of the forex crisis SLPA was affected just as all other businesses in the country, especially with regard capital expenditure that had to be paid in U.S Dollars. Although SLPA maintained fair dollar reserves to meet such capital expenditure, forex restrictions and limitations faced by banks forced SLPA to defer its capital projects. This caused setbacks, but following the ease of restrictions, project timeframes were rescheduled and work has resumed. The ECT project was directly affected by the crisis, but it is back on track albeit delay in implementation.

How do you envisage the Port of Colombo in 15 years?

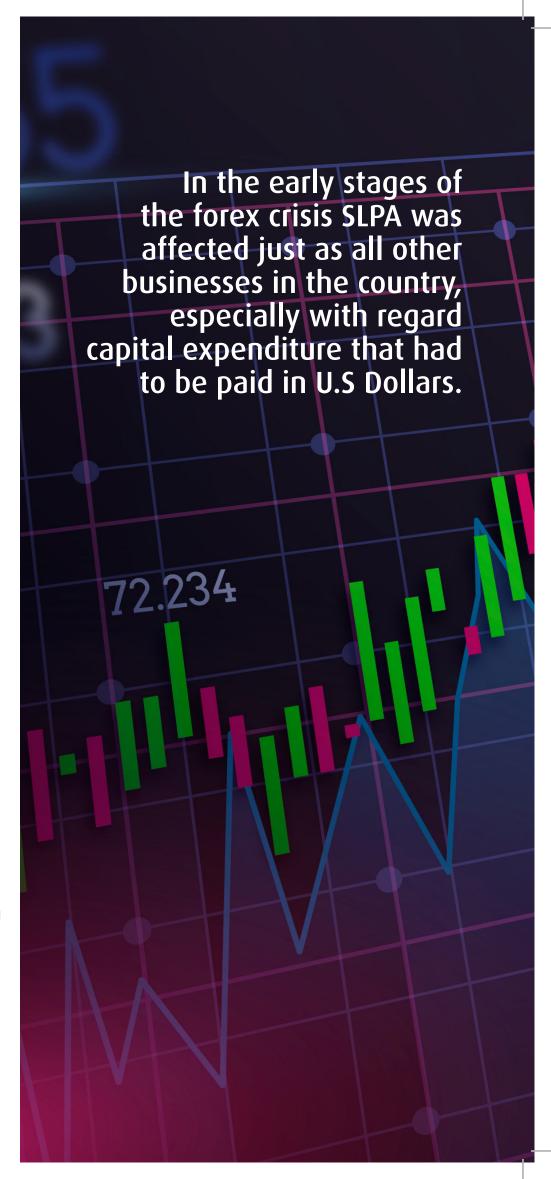
The completion of the ECT, JCT-V and WST will at least double the Port of Colombo capacity from its present level to at least 14 million TEUs per annum. We are ambitious that this could be raised to 15 million TEUs resulting from the efficiencies derived from automation and other developments in and around the Port of Colombo. Past experience has proved that the Port of Colombo had always managed to create demand to fill any increase in capacity.

Concurrent to operationalizing ECT and WCT, we will commence work on the North Colombo Port. According to the set time plan the North Colombo Port is expected to be ready by 2035 and current estimate is that it will increase total capacity of the Port of Colombo to 30 million TEUs per annum. The future capacity requirement of the Port of Colombo is being reevaluated in line with the expected growth rates of

neighboring countries and future trade volumes trends that could potentially benefit the Port of Colombo. Such reevaluation may cause changes to the design plans of the North Port of Colombo but are not expected to materially affect the implementation time lines.

A future greenfield Port of Colombo complete with smart and intelligent logistic operations and connectivity with the main commercial seaports, airports and economic centres in the island will make the Port of Colombo a top regional hub port and elevate in its world rank for container handling. Many advanced economies in the world used their ports as springboards to reach their advanced economic status. Similarly the Port of Colombo will play its part in spurring economic activity in the country and be a catalyst in achieving our desired goal to become a developed country by the year 2048.

The growth of the Port of Colombo to its present status as a regional hub port must be credited of the vision and hard work put in by past leaders, my predecessors, past and present management and people of the Sri Lanka Ports Authority. The next 15-years growth of the Port of Colombo will certainly influence the future economic growth of the country. I can assure that the present leadership of the country has the interest of the Port of Colombo at heart. I am fortunate to have the support and guidance of the Minister of Ports, Shipping and Aviation, Hon. NImal Siripala De Silva, who strives for excellence in everything we do at the Sri Lanka Ports Authority. I must acknowledge the support extended by the senior staff of the Minister of Ports, Shipping & Aviation and of course the Secretary and officials of the Ministry of Ports, Shipping & Aviation. The success of any organization hinges upon its people, and I consider it my privilege to lead a team of officials and staff who are committed to the continued success of SLPA. I cannot discount the valuable input, good counsel and support extended by the Port Community that would form too long a list of people to mention here, but I would fail in my duty if I don't thank CASA for its unwavering support towards making the Port of Colombo the future port of choice.







The Evolution of the BOI: Facilitating Investments Across Sri Lanka

The BOI was first established as the Greater Colombo Economic Commission, and has now evolved into a crucial institution in the country's economic landscape. Initially confined to the Western Province with its first zone in Katunayake, the BOI underwent a transformative change in 1992 when it expanded its jurisdiction to encompass the entire country. This expansion authorized the BOI to grant approvals to investors to establish businesses anywhere in Sri Lanka. It was further empowered to establish dedicated industrial zones, eliminating the need for investors to scout for lands. These zones offer ready-made infrastructure, including essential resources like water and power, tailored to manufacturing needs.

At present, there are 15 such zones around the island, with plans to establish more and thereby expand the footprint of foreign investments in the country. According to Ms. Weerakone, the BOI is also working on establishing industry-specific zones; with one operational today in Eravur for fabric milling, and another in the South for pharmaceuticals. With this, the BOI intends to enhance several other industries for foreign investment, while remaining sensitive to the interests of local industries by primarily accommodating 100% export-oriented ventures.

The BOI's Strategy to Promote Investments Across Diverse Sectors

In terms of the BOI's key focus sectors, the organization is actively targeting a diverse range of industries in the short, medium, and long term. "IT remains a cornerstone of the BOI's efforts, with sustained investor interest in this sector. However, attention is being focused on the development of marinas for tourism, and enhancing the manufacturing sector due to its high employability," Ms. Weerakone expresses. Additionally, the BOI is also complementing the restructure of the apparel industry with new technology to develop niche sectors with higher margins on lower volumes.

"Furthermore, the BOI has identified the minerals and mining industry as one of the country's biggest growth potentials and is currently working on overcoming challenges from past legislations. Collaborations are also being pursued with agencies such as Coast Conservation Department, and Forests and Wildlife Department, to identify areas of land that could be offered for attractive investment opportunities," she further states.

Sustaining Resilient Investor Sentiment Amidst the Country's Economic Crisis

Despite the major economic crisis that gripped Sri Lanka in 2022, investor sentiment toward the country remains mostly unaffected. Ms. Weerakone shares that although new investors have expressed caution, existing investors appear more comfortable and optimistic about the country. Impressively, Sri Lanka saw over 60 expansions during the crisis, with plans to target 50 more companies for expansion in 2023. "Our appeal lies in our people; whose skills and attitudes serve as the country's best ambassadors. It is interesting to note that even after witnessing campers conducting peaceful protests on May 9th last year, potential investors remained undeterred and went on to sign with us. As such, we invite investors to visit our country and reassure them of the skillset and friendliness of our workforce. We also hope to guarantee their satisfaction with the legal framework in place to protect investments and uplift the country.".

According to her, the FDI target for the BOI was set at US\$ 1 billion, but actual investments exceeded US\$ 1.107 billion; with committed investments surpassing the target of US\$ 2.3 billion and reaching US\$ 2.8 billion. With this, the forecast for FDI in 2023 has been reported promising, especially in the fuel and petroleum sectors. Ms. Weerakone added that energy security has always been a priority to the BOI due to investments in manufacturing, and that the organisation had taken measures to ensure uninterrupted supply to the zones even during challenging times. This includes the establishment of fuel sheds for BOI companies in each zone, as well as for those operating within the proximity.

The Role of the Shipping and Logistics Industry in the Revival of Sri Lanka's Economy

The BOI believes in the great potential of the shipping and logistics industries for the upliftment of the country. "Sri Lanka has a historically significant

The BOI has witnessed renowned interest from foreign parties in establishing a National Arbitration Center, under the leadership of a new entity.

location advantage, having served as a trading hub for centuries. To revitalize this industry, we aim to motivate investors to engage in entrepot trade, considering it one of our key focus areas," Ms. Weerakone highlights. She further adds that the Colombo Port's West Container Terminal (WCT) offers a notable advantage for logistics operations and hopes to encourage shipping lines to explore opportunities beyond transhipment in Sri Lanka. However, she states that the biggest setback these lines face is a shareholding issue limiting foreign ownership to not more than 40%. Accordingly, a reevaluation at the policy level is to be conducted with the Government to resolve this in the near future.

In addition to shipping and logistics, Sri Lanka is exploring other facets of the maritime industry, with strategic plans in place to become a prominent location for arbitration. The BOI has witnessed renowned interest from foreign parties in establishing a National Arbitration Center, under the leadership of a new entity. "The BOI aims to position Sri Lanka as a competitive destination for maritime arbitration, potentially surpassing global hubs like Singapore in hosting such proceedings," she conveys. Adding on, she states that Sri Lanka's biggest investment project, Port City, has now been transferred to the Port City Economic Commission from the purview of the BOI to facilitate service-oriented investments such as housing, hotels, marinas, education, and IT, could potentially serve as a Center for this cause.

Envisioning Economic Growth through a Positive Investment Setting

From the perspective of the BOI, several major obstacles currently impede the attraction of investments and call for immediate actions to bolster investor interest. The BOI acknowledges that once the signing of agreements with the International Monetary Fund (IMF) is completed, efforts must be directed at mitigating the negative ratings that have deterred potential investors due to perceived high-risk factors. As per Ms. Weerakone, "Recognizing the need to adapt to evolving global investment landscapes, the BOI is keeping pace by monitoring the competitive offerings of other countries and taking immediate steps to establish comprehensive policies and mitigating financial risks." Together with this, the BOI has initiated sector-specific seminars on a global scale, receiving favourable responses to initiate investment.

Moreover, a proactive approach has been taken to collaborate with diplomatic missions to provide leads connecting potential investors. To date, the organisation has reached over 900 companies, spanning 14 countries and multiple industries. Furthermore, the BOI is committed to digitizing services, enabling online access to appraisals and customs declarations, and streamlining processes for enhanced efficiency.

In terms of Sri Lanka's investment outlook over the next 5-10 years, the BOI foresees a positive trajectory. The country is expected to embark on a path of substantial growth, taking off in a promising direction. It emphasises its commitment to this growth by prioritizing digitization, with plans to archive all paperwork and establish a fully digitized system. 'This aligns with the BOI's strategy to create a more efficient and transparent investment environment, which will likely further enhance Sri Lanka's appeal to investors and position it as a promising destination for investment in the years ahead," Ms. Weerakone reassures. Through its proactive measures, commitment to adaptability, and an emphasis on creating a promising outlook for Sri Lanka's investment environment, the BOI has positioned Sri Lanka as a compelling destination of substantial growth for all its current and future investors as the island commences its definite economic bloom.



DIRECT LCL EXPORT SERVICES

	SERV	ICES	
	ASI	Α	
	PORT	ROUTING	T/T
	BANGKOK	DIRECT	15
	BUSAN	DIRECT	21
	HO-CHI MINGH CITY	DIRECT	15
	PORT KELANG	DIRECT	6
	SINGAPORE	DIRECT	7
	KEELUNG	DIRECT	15
1	KAOHSIUNG	DIRECT	13
Š	YANGOON	DIRECT	15
	OSAKA KOBE	DIRECT	19/23
	токуо	DIRECT	19/23
ŀ	УОКОНАМА	DIRECT	19/23
1	NAGOYA	DIRECT	19/23
	СНІГ		The state of the s
	HONG KONG	DIRECT	12
	SHANGHAI	DIRECT	15
	IND	IA	
	BANGALORE	DIRECT	10
	CALCUTTA	DIRECT	5
	CHENNAI	DIRECT	2
	CHITTAGONG	DIRECT	6
	COCHIN	DIRECT	2
	KARACHI	DIRECT	6
	MALE	DIRECT	2
	NHAVA SHEVA	DIRECT	2
ă	TUTICORIN	DIRECT	2
	DUBAI	DIRECT	6
ð	HAMAD	DIRECT	10
	EURO		
	BARCELONA - FORTNIG		28
3	GENOA - FORTNIGHTLY	DIRECT	25
	KOPER - FORTNIGHTLY	DIRECT	30
	LE HAVRE	DIRECT	28
	ANTWERP - FORTNIGHT	DIRECT	20
	DUBLIN - FORTNIGHT	DIRECT	20
	FELIXSTOWE	DIRECT	31
	HAMBURG	DIRECT	20
	ROTTERDAM	DIRECT	20
	PRAGUE, CZECH REPUB GOTHENBURG	DIRECT	30
	US		30
	LOS ANGELES	DIRECT	45
	NEW YORK	DIRECT	23
	TORONTO	DIRECT	25
	AFRI		
	DAR ES SALAAM	DIRECT	15
,	DURBAN - FORTNIGHT		16
	MOMBASA	DIRECT	10
	PORT LOUIS TEMA	DIRECT	22-25 28
	KAMPALA - FORTNIGHT	DIRECT	30
	LAGOS	DIRECT	28-30
			The second second
	OCEA	NIA	

DIRECT LCL IMPORT

Ю		VICES	200		
	ASIA				
ĸ,	PORT	ROUTING	T/T		
Ä,	BUSAN	DIRECT	22		
	KAOHSIUNG	DIRECT	18		
	KEELUNG	DIRECT	18		
	LAEM CHABANG	DIRECT	10		
	PORT K'LANG	DIRECT	5		
	SINGAPORE	DIRECT	5		
	CHINA				
	HONG KONG	DIRECT	10		
	NINGBO	DIRECT	15		
	QINGDAO	DIRECT	25		
ŧ,	SHANGHAI	DIRECT	17		
	XINGANG/TIANJIN	DIRECT	21		
	EUROPE				
	FELIXSTOWE	DIRECT	30		
ú	HAMBURG	DIRECT	28		
H	PRAGUE	DIRECT	25		
Я	ROTTERDAM	DIRECT	22		
1	MED & MIDDLE EAST				
7	BARCELONA	DIRECT	30		
٩	GENOA	DIRECT	30		
	ISTANBUL	DIRECT	28		
	LEIX0ES	DIRECT	30		
	JABEL-ALI	DIRECT	8		
	INDIAN SUB				
Э	CALCUTTA	DIRECT	5		
K	CHENNAI	DIRECT	2		
	CHITTAGONG	DIRECT	5		
	COCHIN	DIRECT	2		
	KARACHI	DIRECT	7		
	NHAVA SHEVA	DIRECT	4		
	TUTICORIN	DIRECT	2		

LEADER IN CONSOLIDATION

THE WORLD COVERED VIA ABOVE HUBS

CWT Globelink Colombo (Pvt) Ltd 2nd Floor, Forbes & Walker Main Building, 46/38, Nawam Mawatha, Colombo 02,Sri Lanka. Email: info@cwtglobelink.lk Phone: 0114 723588 CEYLON ASSOCIATION OF SHIPPING AGENTS CONDUCTS ITS

STIH ANNUAL GENERAL MEETING







Ceylon Association of Shipping Agents (CASA), the voice of the shipping industry and the apex body that represents shipping in Sri Lanka, tracing its roots back to 1944, held its 57th Annual General Meeting on the 30th June 2023 at the Grand Ball room of The Hilton Colombo amidst a large and representative gathering of over 600 participants. Minister of Ports, Shipping and Aviation Hon. Nimal Siripala De Silva graced the occasion as the Chief Guest and the Hon. Kanchana Wijesekera, Minister of Power and Energy, Hon. Pramitha Bandara Tennekoon, State Minister for Defense, Mr. K. D. S. Ruwanchandra, Secretary, Ministry of Ports, Shipping and Aviation, and Mr. Keith D. Bernard, Chairman, Sri

Lanka Ports Authority, attended were among the Guests of Honour attendees.

Ms. Shehara De Silva Group
Managing Director of McLarens
Holdings and the first woman
chairperson of CASA stepped
down as chairman, and Mr. Shano
Sabar , Deputy Managing Director
Hayleys Advantis Ltd, was elected
as chairman of CASA for the year
2023/2024. Mr. Janesh Ratnadasa,
Executive Vice President Asha
Shipping Ltd and Mr. Mushin
Kitchilan, Director Hemas Maritime
(Pvt) Ltd, were elected Vice Chairman
and Treasurer respectively

The Executive Committee elected for the period 2023/2024 comprises

Aitken Spence Shipping (Pvt)
Ltd, Ceyline Agencies (Pvt) Ltd,
Malship (Ceylon) Pvt Ltd, McLarens
Shipping Ltd, Marine international
Agencies (Pvt) Ltd, Penguin Shipping
Enterprises (Pvt) Ltd, Prudential
Shipping Lines (Pte) Ltd, Setmil
United cargo (Pvt) Ltd and Simatech
Marine Lanka (Pvt) Ltd.

STAKE HOLDER RECOGNITION BY CASA

The Ceylon Association of Shipping Agents (CASA) considers the invaluable contribution by Stakeholders in the Sri Lankan



THE APP WOULD PROVIDE A WIDE RANGE OF SERVICES FROM THE CASA DIRECTORY, FVFNT NOTIFICATIONS, NEWS, WEEKLY SHIP SCHEDULES, EXCHANGE RATES AND EVEN THE BRIDGE MAGAZINE.

Maritime Industry to be a key component in the value chain of a dynamic, vibrant and expanding Maritime Hub. It requires the contribution and coordination among all stakeholders for the Maritime Industry to develop and thrive. This includes Ministries, Ports. Terminals. Border control agencies, Merchant Shipping Secretariat, Sri Lanka Navy, Health authorities and several other authorities and stakeholders whose involvement is invaluable to maintain the smooth flow of cargo, crew and ships in Sri Lanka. The Executive Committee of Ceylon Association of Shipping Agents (CASA) in appreciation of stakeholders acknowledge their valued contribution towards the progress and development of the Maritime industry in the recent years in challenging circumstances. These awards were presented by Chairman, Vice Chairman and Treasurer of CASA to representatives of the following stakeholders.

Ministry of Ports, Shipping and Aviation, Ministry of Power and Energy, Ministry of Defense, Merchant Shipping Secretariat, Sri Lanka Ports Authority, Hambantota International Port Group (Pvt) Ltd, Department of Immigration and Emigration, South Asia Gateway Terminals (Pvt) Ltd, Colombo International Container Terminals Ltd, Sri Lanka Navy, Sri Lanka Customs and Quarantine Unit-Ministry of Health

CASA MOBILE APP

CASA, the voice of the shipping industry, was pleased to unveil an exciting development at the AGM 2023. Supporting and giving leadership to digitalization CASA launched its very own Mobile Application that is set to revolutionize the way the industry goes about day-to-day tasks!

CASA Connect is a user-friendly and innovative application designed to provide all the essential information of the shipping industry right at your fingertips! The App would provide a wide range of services from the CASA Directory, Event Notifications, News, Weekly ship Schedules, Exchange rates and even the Bridge Magazine. Connect to experience CASA Connect was the tag line for this launch.

The app will be available on IOS and Android devices in the upcoming weeks.



CASA SEAFARERS AWARDS 2023.

The lifeline of the Shipping industry is none other than its very own seafarers! To recognize the valued contribution CASA plans to conduct the CASA Seafarers Awards 2023. The aim of these awards are to recognize Sri Lankan seafarers for their contributions and commitment to their duties during the troubled post-pandemic and economic recession which has affected

our country. These awards have been built upon honoring these individuals who have gone above and beyond what is expected from them to raise the benchmark of excellence and set the precedent for future mariners to follow.

The award categories are:

- Best Deck Cadet of the year Award
- Best Engine Cadet of the year Award
- Best Leader of the year (Non-

Officer) Award

- Bravery at Sea Award
- Best Junior Officer of the year Award

SPONSORS

We would also like to thank our sponsors of the evening, Prudential Shipping Lines (Pvt) Ltd the platinum Sponsor. McLarens Holdings Ltd, CWT Globelink Colombo (Pvt) Ltd, Hayleys Advantis









Ltd and Unifeeder Lanka (Pvt) Ltd the gold sponsors. Aitken Spence Shipping Ltd, Evergreen Shipping Agency Lanka (Pvt) Ltd, FTL Colombo (Pvt) Ltd, Clarion Shipping (Pvt) Ltd and South Asia Gateway Terminals (Pvt) Ltd our silver sponsors along with Colombo West International Terminals Ltd, Centrum Marine Consultancy (Pvt) Ltd, Inchcape Mackinnon Mackenzie Shipping Ltd, MSC Lanka (Pvt) Ltd and CGV Antony (Pvt) Ltd and all the other sponsors without whom this event wouldn't have been possible.

CEYLON ASSOCIATION OF SHIPPING AGENTS

The Ceylon Association of Shipping Agents, well known by the acronym CASA, is the voice of the shipping industry of Sri Lanka and has served the industry with unwavering focus and dedication since the association began as the Ceylon Shipping Committee in 1944.

Its members represent all international shipping lines who call Sri Lankan ports due to its very strategic location in close proximity to the main international shipping lanes.

Members of CASA are involved in vessel agency, husbanding services and act as manning/crewing agents for leading ship owners and managers. CASA members also provide various other services to ship owners/managers in the ports of Sri Lanka and at off port locations.

CASA through its sub committees mentioned below have regular dialogue with stakeholders, government institutions, regulatory bodies and other government and private sector agencies, CASA seeks to effect an interchange of ideas and information, represent

and advocate the views of the association in all official fora and shape the future of the industry by investing in education and training for its members and working with maritime training academies to train seafarers.

- Container Operations –
 Mainline and Feeder Operators
- BreakBulk, Bulk, Tankers, RO – RO, Casual Callers and Bunkering
- Documentation and Information Technology
- Education and Training
- Public relations and Publicity
- Maritime Security Services
- Finance and Tariff
- Membership Activities
- Crew Management, Manning and Training.

Speech by Immediate Past Chairman

Minister of Ports, Shipping and Aviation - Honorable Nimal Siripala de Silva,
 Minister of Power and Energy Honorable Kanchana Wijesekara,
 State minister of defence, pramitha bandara Tennakoon
 Secretary to the Ministry of Ports, Shipping and Aviation - Mr. K.D.S. Ruwanchandra
 Chairman sri lanka ports authority Mr, keith bernard
 Director General of Merchant Shipping - Mr. Ajith Wijesinghe,

Distinguished invitees from government authorities, stakeholder associations, CASA Advisory Council, office bearers and Executive Committee, colleagues from the shipping fraternity very good evening to you all and I warmly welcome you to this august gathering. Safe to say the single largest and most awaited event in the sri lankan shipping industy.

It has indeed been and honor and privilege for me to serve CASA for the last 8 years in the capacities of excomember, treasurer, vice chairman and chairman. Since 1944 CASA has evolved to be the go to point for all shipping industry matters and has served as the leading body for resolution of daily issues, direction on policy and pushing the bar for much needed improvements to industry standards through advocacy, education and training and benchmarking with regional and global ports.

Success in our industry cannot be done in isolation as we will duly recognize the role of the many stake holders whose cooperation is essential for development of this multifaceted industry. I take this opportunity to thank the minister of shipping hon Nimal Siripala de silva for his unwavering support and willingness to hear the concerns of the industry at all times. My gratitude also goes out to the shipping ministry and all other associated ministries, all the heads of government authorities, slpa and the terminals SAGT and CICT who have supported me in my role as casa chair in the last two years in dealing with the challenges faced though many a national and global crisis.

As I relinquish my role today I would like to leave you with a few pertinent thoughts which are a call to action for all stakeholders.

The shipping industry is often misunderstood, especially by those on the outside looking in , prescribing what is required for its development. CASA welcomes the direction from the president Hon Ranil Wickamarsinghe to develop a policy framework for the logistics and shipping industry under the chairmanship of the sec to the treasury. Casa has played lead role in advocating the need for a consistent policy framework by irrespective of which political party is in party government. This vital for the confidence of investors, shipping lines and service providers. Where a detailed road map for what is required to make the maritime hub dream a reality needs to be in place and transparent to all. Regulatory changes for shipping industry should be made holistically rather than piecemeal at the requests of few parties with vested interests. It is high time The widely held misconception of the industry needing 'liberization' needs to be corrected among all stakeholders especially the shippers who are our valuable customers. My friends, the industry is already liberalized, you have the best of all the worlds shipping lines calling all ports with regular services, there is competition for rates and service levels and in fact legal protection against any extra charges and costs recoveries. Safegaurds for exporters and importers unlike the majority of ports in the world.

Contrary to popular belief There are no legal impediments for investment in infrastructure such as terminal and warehouses required for the development of the shipping industry and it is vital to understand that shipping agency business which is reserved for majority local investment is only one aspect of much larger and vast array of service providers and industry segments. It is also important to distinguish logistics providers such as freight forwarders from shipping agents as our roles are largely different and hence policy should take account of this. We invite you for an open and fair dialog with casa in putting to rest these misconceptions and end this long

drawn debate and to join hands to work together as an industry and as a nation and agree on what are the real priorities for the industry so that all parties may benefit in the long term. Let us all clap in unison and rally around the decision makers to push for real change from that which has been holding us back.

Infrastructure development in container, cruise terminals, cranes, bunker storage facilities and warehouses are paramount. But even before these costly improvements there is a clarion call for digitalization of all processes in the industry. Casa has highlighted this theme in every forum and available opportunity. the shipping agents being at the center of the trade facilitation process are required to deal with manual submissions of manifests, permissions and various approvals. Not having a port community system in place is a huge draw back for the country in the logistics performance index ratings also not conforming to the fal convention.

Along with the digitization of information submissions and approvals casa also calls for standardization of processes be it customs clearances, manifest submissions ,penalties and all other approvals from every authority. There is a dire need to document the agreed SOP signed by all stakeholders and thereafter implemented in order to prevent malpractices and also gross inefficiencies. Casa has lead the way in this regarding by drafting several SOPS for key processes and we request the ministry of shipping to implement these to avoid changes and confusion when individuals at the front line changes. Digitization and standardization of process will also help to eliminate the face to face interactions for day to day transactions and thereby help to implement the zero tolerance policy against demands for complements and corruption. CASA has initiated all our members to be signatories to this which we need support from all authorities to be implemented practically.

A fundamental problem we see is that due to the multi faceted nature of the industry shipping operations come under the purview of several ministries. Ports and terminals under shipping ministry , customs under finance ministry , crew processes coming under immigration under public administration ministry , isps processes coming under navy belonging to defense ministry, quarantine requirements under health ministry and so on. Hence there is no one overarching body that can make decisions pertaining to shipping industry issues and process improvements holistically. The time has come for a maritime authority which encompasses all the areas pertaining to shipping including vessel operations , crew matters , commercial matters and all permissions and submissions for cargo clearance to be decided by one administrative body who is empowered to make decisions as in the case in regional hubs. This is vital for the way forward.

These are the very themes on which casa has been directing our efforts in the past two years in addition to all day to day issues relating to container and break bulk operations, crew transfers and sea faror development, finance and education and training. I would like to express my heartfelt thanks to the exco ad sub committee chairman who have worked tirelessly and dedicating their time voluntary for meetings and collating information and statistics and writing and communicating to combat these pressing issues. A special words of thanks my office bearers shano and janesh your experience in the industry and constant support has been invaluable. Additionally all this would not be possible with out the hard work and dedication of our evergreen secretary general ralph anandapa who has been patient to hear the concerns of each of our members and take timely action along with the rest of team of the casa secretariat. Thankyou ralph and especially for your patience.

I also wish to thank the casa Advisory council for your guidance in crucial matters and also for placing your trust in me to lead casa breaking some of its patriarchal traditions. I hope that this will pave the way for many more women to come forward and lead in the shipping and maritime fields and not let any bias stand in your way.

Finally as a third generation of casa office bearors I take this opportunity to thank some special people who inspired me to take on this role namely the late Hubert desilva founding member and past chairman of casa and also past chairman port cargo corporation and who is also my grandfather. The chairman of Mclarens group mr rohan desilva who I am proud to call my father. also a special thankyou to Mr mohan Pandithage for your constant direction and encouragement. I am grateful to all the management of McLarens group who supported in various ways, And of course the casa membership and my colleagues of the industry thankyou for your engagement and feedback at all times. I have done my best to serve the industry and represent you all and spoken up for your issues and concerns despite any repercussions and I will continue to do so in my capacity as immediate past chair.

Wish the new incoming chairman and exco all the very best in continuing the good work of our great association!

Speech by Chairman

Minister of Ports, Shipping & Aviation, Hon. Nimal Siripala De Silva,
Minister of Power & Energy, Hon. Kanchana Wijesekara
State Minister of Defence, Hon. Pramitha Bandara Tennakoon
Secretary to the Ministry of Ports, Shipping & Aviation, Mr. K. D. S. Ruwanchandra
Chairman Sri Lanka Ports Authority, Mr. Keith Bernard,
Other distinguished invitees,
Members of the advisory council of CASA,
Past chairmen, office bearers, executive committee members and fellow CASA members,
Ladies and Gentlemen.

It gives me great pleasure to address you at the 57th Annual General Meeting, as its newly elected Chairman and I would like to thank all of you for entrusting me with this responsibility which is challenging and exciting at the same time.

As an Association formed way back in 1944, CASA is the pioneering industry body that has played a pivotal role in shaping the shipping industry in Sri Lanka. Firstly, let me salute all the distinguished past Chairmen of CASA, who worked tirelessly to bring CASA to this prestigious status.

As an integral part of the value chain, both within and across international borders, the shipping industry facilitates trade and commerce and it helps businesses get their products to customers. The role we play in this value chain was evident during the pandemic and recent economic downturn in the country that all our members ensured minimum disruption during this challenging environment. I take this opportunity to acknowledge the contribution of all relevant stakeholders to the Sri Lankan economy and to the growth of our industry. I thank you for being an essential link in this value chain.

We are currently experiencing a fall in Container freight rates as supply-chain pressures eased, meaning that profits of container shipping operators will be much weaker in 2023 than in the past three years. We expect the rates to fall further with the forecasted new ship deliveries during the next 2 quarters of 2023 reaching a peak.

The global trade dynamics have also changed over the past few years. It is believed that China and Malaysia could lose up to 20% of the 100 billion US Dollar global electronics market as major companies begin to test processes in India with shipping demand likely to grow as a result in our region. These trends pose many opportunities for Sri Lanka. Boosting connectivity between the two countries, and integration of the Sri Lankan economy with that of India will support Colombo's efforts to spur growth.

Leveraging Digitalization to improve service excellence and reduce costs is a pre-requisite to be competitive to face evolving challenges in the shipping industry. With Laws such as the Electronic Transactions Act supporting to embrace such efforts, we at CASA have actively engaged and extended unstinted support in many key initiatives. We have also committed with Pilot Members for the upcoming ASYHUB Project at Customs, the E-DO Project at SLPA and many other similar initiatives aimed at increasing efficiencies, and carry out paperless business practices in order to achieve a faster trading cycle. As revealed in the latest LPI index, Sri Lanka is categorized as a 'partial performer' and it is stated that greater transparency and predictability in Customs processes and transport related infrastructure are key focus areas to improve these rankings. Besides that, the Port Community System is also a key priority that could bring in great benefits along with other digitalization projects connecting relevant stakeholders specially government institutions to create a seamless platform for growth. Simplifying immigration and emigration, ISPS procedures through automation is also a need of the hour to remain competitive.

The importance of automation and digitalization has been emphasized and included in the recently announced Roadmap to transform Sri Lanka by President Ranil Wickramasinghe. And we hail this move. I am glad to mention here that CASA was able to meet the Senior Additional Secretary to the President on Strategic Affairs, Mrs Chandani Wijewardena at Presidential Secretariat last week along with Sri Lanka Customs and SLPA. During these discussions, a direction was given by her to fast-track all digitization and digitalization projects that include Asy-Hub and Port Community System. At this meeting, CASA was also invited to join the National Trade Facilitation Committee as a member where we could eventually contribute towards setting up a National Single Window, integrating all key stakeholders of the EXIM trade and Shipping & Logistics industry.

CASA firmly believes that these initiatives will significantly improve our competitiveness and will point us in the right direction to achieve the maritime and logistics hub aspirations of Sri Lanka. We will continue to drive and support such digitalization initiatives across the industry.

CASA plays a leadership role in influencing policy related matters to the maritime industry and actively engages in solving operational issues faced by the membership through regular dialogue with Government departments and agencies. The need to implement Standard Operating Procedures to ease long stay import containers in port terminals and outside yards was identified as an important initiative to streamline the process to eliminate delays. A considerable amount of work was done in consultation with the SLPA and Sri Lanka Customs to review and implement these SOPs and it has significantly reduced red tape and improved the overall experience of all stakeholders in the industry. We thank the Honorable Minister Nimal Siripala de Silva for his involvement in standardizing the detained container process and releasing guidelines to the Finance Ministry and Sri Lanka Customs.

Improving capacity in the Port of Colombo is an urgent need given the growth prospects that we experience in the region. We hope the government will take necessary steps to fully operationalize the East Container Terminal and expedite the West Container Terminal construction which would change the landscape of the industry in the near future. It is also important to improve facilities to handle conventional cargo and Passenger Cruise Ships as these sectors have shown a tremendous growth in the recent past. Also, I request from our Ministry and SLPA to fast-track infrastructure development work and build capacity at Ports in Galle, Trincomalee and KKS to enhance our service levels to cater conventional cargo operations, ship supply & various ancillary services, lay-up operations and marine tourism. Making corrections to existing procedures in serving the Private Maritime Security movements through Port of Galle is another important area to regain the lost business from floating armories that operate in the Arabian seas. I hope, the Defence Ministry and other relevant authorities will heed to multiple appeals made by CASA in the recent past to correct this situation. I should also state that any increase in port and terminal tariffs should only be done following stakeholder consultation as there are different dimensions that should be considered before such revisions are affected.

There is also a growing emphasis on green shipping and the use of alternative fuels to reduce greenhouse gas emissions in the maritime industry. Biofuels, LNG, hydrogen, and ammonia are being explored as potential alternative fuels for vessels. As for our ports and terminals in Sri Lanka, we hope the relevant authorities will work towards promoting Green Port Policies that include reducing GHG & carbon emissions, use of renewable energy and most importantly, developing infrastructure in supplying alternative fuels for ships that would arrive in Sri Lankan waters in the future.

The CASA Maritime Conference 2022 which was organized under the theme of "New Technologies for Greener Shipping" shows the prominent role played by the Association to make the industry future ready. The Key focus areas of the conference included the green transition of the maritime industry towards a sustainable future. Under knowledge and capacity building these kinds of insightful seminars and workshops have helped CASA to build its image as a think tank that drives policy in the industry. Knowledge and capacity building are business imperatives that will always determine the future of any industry.

We have suggested the importance of a national policy along with a code of conduct for Sea Farers given the significance of this industry to generate foreign exchange. If we are to draw parallels with the BPO and IT industry who are paid in foreign currency, seafarers too should be relieved from the burden of paying taxes as their money is earned at sea. This would make sea faring attractive and encouraging to our labor force to join this lucrative industry.

CASA has been continuously driving the Zero Tolerance Policy in the industry and I hope that all members will stand by this commitment. I take this opportunity to thank all authorities for supporting us in making this change and hopefully, we could achieve it fully in the near future.

I would also like to reiterate the point in addition to what Shehara said, on various misconceptions about liberalization.

And, I emphasize that all capital-intensive areas of shipping are already liberalized and there are no limitations in bringing Foreign Direct Investments to the country. Also, if a shipping principal or a foreign ship owner wants to set up its regional headquarters in Sri Lanka, there is no restriction at all in doing so other than playing the local shipping agents' role. I request from all those who are present here to support CASA to clear this misconception that comes up from time to time about the role we play as shipping agents. As CASA, we are glad that our Honorable Minister Nimal Siripala de Silva has very rightly understood the shipping agent's role and the assurance given by him to our industry in maintaining the present policy on licensing requirement of shipping agents.

Another hot topic in our industry these days is about TSS - Traffic Separation Scheme. We are pleased to note Sri Lanka Government's position in objecting to the new TSS, that is re-routing the international shipping lane in the southern seas of Sri Lanka on blue whale collision issue. TSS was a proposal made by IMO, BIMCO and marine environmental protection bodies. The position taken by the government would undoubtedly strengthen the status of Sri Lanka in maintaining its maritime hub status and avoid any disturbance to various local industries from shipping to tourism to fishing that have been already established including marine life around the eco-system of the existing 12 nautical mile sea route. CASA had a very productive discussion on this matter along with other key industry bodies and government agencies chaired by Minister of Foreign Affairs Hon. Ali Sabry last week. Based on the feedback given by all participants, the Honorable Minister is supposed to take this matter up at an IMO session next month.

Identifying the importance of building and maintaining strong public relations with all stakeholders, we continued the E Ship schedules and the insightful industry magazine "Bridge". CASA also wrote a series of articles to media on a wide array of

topics concerning the shipping industry. We have been able to attract interest from Verité Research and Institute of Policy Studies who have come onboard and are now contributing with articles for every issue of the Magazine. We have also been able to feature many high-profile individuals from outside the Maritime Industry from various backgrounds giving the Magazine a new dimension.

Today, we will see the soft launch of the CASA directory in the form of a Mobile-APP which will be an added value to our stakeholders through easy access to information. CASA will continue to improve the public image of the industry while discussing policies, laws and reforms through a range of media articles through its public relations committee. We also have a strong presence on social media platforms with close to 4000 followers on Facebook and close to 1000 followers on LinkedIn.

A membership survey was conducted to receive feedback on areas of improvement and the insights generated from the survey was helpful in creating a better experience to all CASA members.

Membership activities committee was able to organize the Annual CASA Cricket Tournament and the Bowling Tournament which are sought after events in our calendar. CASA also completed a CSR project recently distributing shoes and stationary items amongst deserving school children at a rural school in Kaburugamuwa, Southern Province. I must thank our members sincerely for their donation with dry ration packs for the families near this school to make this project a complete success. Our YoungShip team too was actively engaged in a few CSR projects. Planting 1000 trees in Deniyaya, Sabaragamuwa Province and a beach cleanup project in Crow Island, Matakkuilya to name a few, that were carried out by this team during the year.

Showing CASA's commitment in developing the next generation of the maritime industry, all projects and initiatives of YoungShip are supported by CASA. YoungShip has over 270 members and they aim to foster more collaboration and engagement with other cross sections of our industry including authorities. This could help build a common vision and understanding amongst the next generation.

I would like to thank the Chairman and the Executive Committee of YoungShip for your dedication and commitment which makes us all confident about the future of this industry. You are the future leaders who will play a pivotal role in realizing the maritime aspirations of Sri Lanka and I would like to assure you continuous support and look forward to working with you.

I must acknowledge that we would have not been able to perform our duties, if not for the support we got from the Ministry of Ports, Shipping & Aviation, Ministry of Finance, Ministry of Defense, Ministry of Health as well as other institutions such as Sri Lanka Ports Authority, Sri Lanka Customs, Department of Merchant Shipping, Department of Immigration & Emigration, Sri Lanka Navy, Port Health Offices, Private Port Terminals, CICT, SAGT and HIPG along with other stakeholders in both the government and private sectors. We are indeed indebted to the service you do! I hope you will extend the same support to me and my team this year.

I wish to express my sincere gratitude and appreciation to the Advisory Council, the Office Bearers and the Executive Committee, Committee Chairpersons and its members and YoungShip team for their unstinted support extended towards CASA.

As a special word of appreciation, I would like to extend my sincere gratitude to Ms Shehara de Silva who happens to be CASA's first female Chairperson. Her dynamism and commitment during her term gave the right leadership for the CASA EXCO and hope Shehara will continue to play an active role and be a part of this new team in driving the industry in the right direction.

The dedicated Secretary General of CASA and his enthusiastic team has indeed been supportive in making all these initiatives a reality and my heartfelt appreciation for their contribution as well.

Let me take this opportunity to wish the incoming office bearers and the Executive Committee all the very best and appeal to all of you who are present here today to continue to extend the same support as in the past.

Let me end with the inspiring words of Abraham Lincoln.

Quote

"The best way to predict your future is to create it"

Unquote

I hope all of you will join hands with CASA to create the future that we all desire for Sri Lanka.

Thank you.







Message from Chairman



SHANO SABAR

It gives me great pleasure to pen these words for the Bridge magazine which is a publication to keep our members informed of events and activities of CASA. I would take this opportunity once again to sincerely thank the entire membership of CASA for placing their trust and confidence in me and electing me to the position of Chairman CASA.

As you're aware, the 57th CASA AGM concluded successfully last month and we are in the process of formulating the sub committees who will execute the strategic road map of CASA. They will actively engage in solving operational issues faced by the membership through regular dialogue with Government departments and agencies. I urge members to actively participate in these discussions which will benefit the industry. Please take up responsibilities in the sub committees and support the CASA Secretariat in maintaining its position as the voice of the shipping industry.

Work has already begun to organize the CASA Maritime Conference 2023 and I look forward to this event. The CASA Maritime Conference has always been an insightful event that has helped CASA position as a think tank driving policy in the industry. More details of the conference will be shared with you in due course.

We will also give more emphasis on driving digitalization across the industry. We believe that initiatives such as the Port Community System and National Single Window will improve the LPI and Ease of Doing Business rankings pointing us in the right direction to achieve the maritime and logistics hub aspirations of Sri Lanka.

As a pioneering industry body that had shaped the shipping industry in Sri Lanka since 1944, CASA will continue to inspire all stakeholders in the industry and I appreciate your support in this regard.

Thank you.

Shano Sabar

Chairman CASA

Message from Vice Chairman



JANESH RATNADASA

Dear CASA Members,

I'm honored to accept the role of Vice Chairman of CASA, the voice of the Shipping Industry, an illustrious Association that has stood the test of time and stands tall today. Thank you for your trust. CASA has shaped our industry well and I'm committed and privileged to leading us forward together with our Chairman, the Executive Committee and the Members who are a formidable strength for CASA.

Challenges are ahead, but our dedication is unwavering. We will explore innovative approaches, leveraging our expertise to drive digitalization. With support from the Executive Committee and you, we will achieve our goal, including realizing the Port Community System.

Simplifying import/export processes is a focus. Collaborating with other associations is crucial for our environment and customers.

Stay connected, share your voice. Our team is here to serve you.

Grateful for your support,

Janesh Ratnadasa (JR)

Vice Chairman, CASA

Message from Treasurer



MUSHIN KITCHILAN

Dear CASA Members,

I am immensely pleased and honoured to be appointed to serve CASA as Treasurer for the year 2023/24, and look forward to working with all of you to continue the excellent leadership, direction and support that our association has been providing to the maritime sector.

The Maritime sector of Sri Lanka has withstood many a storm in the past few years, but our resilience – powered by the dedication, commitment and unwavering passion of all industry stakeholders – has proven the sector's toughness as well as its potential to be a key driver of economic growth for Sri Lanka.

The local maritime sector is on the cusp of its next chapter of growth. There is a dire need to focus on the development of port infrastructure and embracing digital transformation by adopting platforms such as Port Community Systems that would enhance efficiency and improve transparency while integrating all stakeholders in the maritime ecosystem. Further, nurturing the industry's professionals and prospective talent is crucial in this journey, as is ensuring that the sector advocates sustainability as a core pillar of growth.

I hope that we can work together to power the maritime sector to reach its potential which will help us realise the true potential of our nation.

Kind regards,

Mushin Treasurer, CASA

EXECUTIVE COMMITTEE MEMBERS



Chairman **Shano Sabar**



Vice Chairman Janesh Ratnadasa



Treasurer **Mushin Kitchilan**



Immediate Past Chairman **Shehara de Silva**



Bevin MackAitken Spence Shipping Ltd



Preethilal Fernando Ceylin Agencies (Pvt) Ltd



Nimal Ranchigoda Malship (Ceylon) Ltd



Ravi Edirisinghe McLarens Shipping Ltd



Nimal Chandrasiri Marine International Agencies (Pvt) Ltd



Deepika WijesuriyaPenguin Shipping
Enterprises (Pvt) Ltd



Rishantha Mendis Prudential Shipping Lines (Pte) Ltd



Prasad Jinadasa Setmil United Cargo (Pvt) Ltd



Ana Senanayake Simatech Marine Lanka (Pvt) Ltd



Samitha Perera Hamka Shipping (Pvt) Ltd



Biju Ravi Maersk Lanka (Pvt) Ltd

COMMITTEE CHAIRMEN



Anoma Ranasinghe Chairman, Education & Traning



Gavin Vitharanage Chairman, Breakbulk, Bulk, Tankers, RORO, & Bunkering



Imaad Hameem Chairman, Membership Activities



Kalinga de Silva Co-chairman, Crew Management, Manning, and Training



Lohitha Hettiarachchi Co-Chairman, Container Operations -Main Line & Feeder Operators



Maleena Awn President, YoungShip Sri Lanka



Priyanga Wijeweera Chairman, Fiance & Tariff



Shane De Alwis Chairman, Pulic Relations & Publicity

YOUNGSHIP SRI LANKA ORGANIZED THE "PATRONS FORUM"

YoungShip Sri Lanka organized the "Patrons Forum", for the second consecutive year on the 26th of July 2023 in Colombo. The Patrons of YoungShip Sri Lanka comprising the past Chairmen and past Executive Committee members graced the event together with the present Executive committee members and Sub-committee members in an evening of fellowship, knowledge sharing, camaraderie and sharing of experiences for the betterment of YoungShip's contribution to the youth of the maritime industry in Sri Lanka.

The gathering was of success as many invaluable insights on YoungShip's journey in Sri Lanka through the past decade were shared. The present Executive and sub-committee members gained understanding on these interesting details along with industry expertise on various segments shared by the patrons.

Overall, YoungShip Sri Lanka received positive feedback on the concept and implementation of the Patrons Forum in 2023 as well. We hope to create such opportunities in the future as well.













BRIDGE

YOUNGSHIP SRI LANKA ORGANIZED AN "OPEN QUIZ NIGHT"

YoungShip Sri Lanka organized an "Open Quiz Night" on the 29th of August 2023 at the Chatham Bar and Grill in Colombo. The quiz was aimed at providing a networking opportunity for YoungShip members within an exciting fun filled evening. The event was no doubt a memorable evening with participation from over 150 attendees coming together to enjoy the Quiz which was conducted by Quiz Master Extraordinary "Dominic Kellar", followed by a Raffle Draw and Live entertainment by the band "De Silva Brothers".

The quiz was carried out in 7 rounds of 10 questions each covering a variety of topics such as General Knowledge, Geography, Sports, Travel, Food, Movies and Maritime Trivia, ensuring knowledge sharing in an entertaining atmosphere.

The following teams were the final Podium Winners who walked away with cash prizes at the event amongst the total 25 Teams which contested in each round.

1st place (LKR 50,000/-) -: "Here for the beer" (Company: Standard Chartered Bank)

2nd Place (LKR 30,000/-) -: "Mendis Special" (Company: Ansell Lanka Pvt. Ltd.)

3rd place (LKR 15,000/-) -: "CMA CGM Lanka" (Company: CMA CGM Lanka Pvt. Ltd.)

"MendisOne" was the main event sponsor of the Quiz Night along with individual round sponsors and e-banner sponsors who made this exciting event a reality.



The event attracted many positive comments and feedback from the participants marking another successful endeavor of YoungShip Sri Lanka towards the youth of the maritime industry.

YoungShip Sri Lanka which is part of YoungShip International, was formed to be the voice for young professionals in the maritime industry. Headquartered in Norway, YoungShip is present in over 30 countries

with a membership of over 4,000. We are pleased to announce that the Sri Lanka branch, now possesses over 275 members and continues to grow as a leading forum for the voice of the next generation in our industry.

Stay Tuned for the next event!

"Attach links of the social media platforms"

1ST PLACE



2ND PLACE



3RD PLACE



YOUNGSHIP SRI LANKA SUCCESSFULLY ORGANIZED A THOUGHT-PROVOKING PANEL DISCUSSION ON 'DIGITIZATION IN THE MARITIME INDUSTRY AND THE POTENTIAL IMPACT OF PORT COMMUNITY SYSTEM IN SRI LANKA' RECENTLY,



The discussion was sponsored by the MendisOne Group and South Asia Gateway Terminals (SAGT), garnering significant attention from industry stakeholders, experts, and maritime enthusiasts. The event was conducted at the Bandaranaike Memorial International Conference Hall (BMICH Orchid Hall) and served as a platform to explore the profound changes digital technologies are bringing to the maritime sector.

YoungShip Sri Lanka Chairperson Maleena Awn welcomed the gathering to explore the transformative potential of maritime digitalization in Sri Lanka. "The maritime industry has been the backbone of global trade, and Sri Lanka intensifies its focus on becoming a Maritime Hub. Therefore, as we embrace technological advancements, it

becomes crucial to collectively understand how digital innovations can reshape and revolutionize the way we operate within the local maritime sector," she said.

She invited the audience to reflect on a diverse range of subjects, including the exploration of emerging digital technologies within the industry, insights into the advantages of the Port Community System (PCS) along with their associated implementation challenges and key success factors, comparative analysis with other ports, the implications of the IMO amendment to the FAL Convention mandating a single window for port data exchange, and a focused examination of geographic advancements and their potential effects on Sri Lanka's maritime landscape.

The keynote address was delivered

by Marcura Senior Analytics
Manager Janani Yagamurthy, an
eminent figure in the maritime
sector nominated by the Institute of
Chartered Shipbrokers Sri Lanka,
on the theme 'Maritime 4.0.' Her
insights on the importance of
digitization before digitalization, the
intersection of digital technologies
for maritime operations, and the
challenges and opportunities
they present, set the tone for the
engaging panel discussion that
followed.

Furthermore, she expresses, "As we navigate towards digital transformation, we need to keep in mind that advancement requires collaboration through collective innovation and knowledge sharing. Therefore, I encourage all stakeholders in the industry to actively engage in sessions like this to explore the possibilities



His perspective offered a glimpse into the broader regional efforts towards enhancing port operations through the integration of cutting-edge technologies.

digitalization offers for the upliftment of the entire maritime sector."

Sri Lanka Ports Authority (SLPA) Additional Managing Director Lal Weerasinghe shed light on the proactive initiatives undertaken by the SLPA to enhance productivity and efficiency within the port environment. He elaborated on the organization's strategies to

benefit trade operations and its commitment to future initiatives aimed at aligning with global industry trends. He also discussed how the Port Community System (PCS) could be a game-changer for stakeholders, explaining its potential to improve service quality and streamline operations throughout the port. He also stressed the importance of working together to accomplish the task of

implementation.

South Asia Gateway Terminals (SAGT) Chief Operating Officer Upul Jinadasa emphasized on understanding the opportunities Sri Lanka has due to its unique geographic advantage as a maritime hub and emphasized the need to capitalize on this positioning to enhance the port's competitiveness within the region through improving processes and service in order to tap the throughput that is bound for countries in our region but serviced from other hub ports. He outlined the importance of strategic investments in technology and service excellence to build capacity and improve connectivity. Jinadasa 's insights painted a comprehensive picture of the port's potential for expansion and importance in understanding the efficacy of the solutions that are being implemented.

Colombo West International



Terminal (CWIT) CEO Harikrishnan Sundaram introduced CWIT and its many digitalization and sustainability plans. He provided valuable insights into the initiatives that ports in the region have undertaken to embrace digital transformation. His perspective offered a glimpse into the broader regional efforts towards enhancing port operations through the integration of cutting-edge technologies. He spoke about the ample solutions available and the need for a desire by stakeholders and service providers to delve into identifying process improvements.

Colombo International Container Terminals (CICT) General Manager and Chief Information Officer Jayantha Perera delved into CICT's digitalization strategies, providing a glimpse into the organization's roadmap for embracing emerging technologies. He also discussed the significance of the upcoming amendment to the FAL Convention, which mandates

the implementation of a single window for data exchange in ports. Perera stressed the importance of cybersecurity in the maritime industry, highlighting its critical role in safeguarding sensitive data and ensuring smooth operations.

Sri Lanka Customs Senior Deputy Director Thilaka Pragnaratne outlined the modernization and digitalization initiatives spearheaded by Sri Lanka Customs to facilitate international trade. He elaborated on how the existing ASYCUDA system would benefit from the integration of the Port Community System (PCS), enhancing efficiency and transparency in customs procedures and further elaborated on the planned implementation of the ASYHUB system at Sri Lanka Customs which would facilitate and improve the Pre-arrival and Pre-departure processing of cargo enabling faster clearance. His insights underscored the

collaborative efforts between customs and port stakeholders to streamline trade processes through digital platforms.

The panel was masterfully moderated by Ceylon Association of Shipping Agents (CASA) Documentation and IT Committee Chairman Chrishantha Fernando, who elegantly fostered the desired atmosphere of knowledge-sharing that illuminated the multifaceted dimensions of digitalization in the maritime sector. Accordingly, the success of 'Digitalization in the Maritime Industry and the Potential Impact of Port Community Systems' panel discussion highlights Sri Lanka's dedication to embracing technological advancements for a sustainable and prosperous future in the maritime industry whilst focusing on customer centricity and nurturing a collaborative approach to keep up with global digital advancements.







competitive pricing structures and strong procurement capabilities. Our loyal clientele across the world trust us for our efficiency and With a presence across the world, our vast industry expertise has enabled us to deliver the full spectrum of logistics solutions backed by timely services provided with attention to detail.



CLARION SHIPPING (PVT) LTD

Chamila - +94 77 3033 737 "Great Voyages Begin Here" Chrishantha - +94 77 3033 624 Kalinga - +94 77 3033 610

www.clarion.lk



BACKGROUND NOTE VERITÉ RESEARCH SRI LANKA POLICY GROUP

Sri Lanka falls behind Least Developed Countries in trade facilitation

— Here are three steps it can take to reverse this trend.

July 2023

BACKGROUND NOTE

Sub Number: 05 Issue date: July 2023

Verité Research Sri Lanka Economic Policy Group

Members: Prof. Dileni Gunewardena, Prof. Mick Moore, Dr. Nishan de Mel, Prof. Shanta Devarajan.

The Economics Team of Verité Research compiled the study. The team comprised Subhashini Abeysinghe and Mathisha Arangala. Editorial support was provided by Hasna Munas and Nishan de Mel.

Sri Lanka falls behind Least Developed Countries in trade facilitation – Here are three steps it can take to reverse this trend.

Abstract

This note compares progress made by Sri Lanka against its regional competitors, other developing and least developed countries in facilitating trade by making import and export procedures of the country efficient, less costly, and more transparent. The comparison is done by using the notifications on progress made by countries under the World Trade Organisation's Trade Facilitation Agreement (TFA) as a yardstick. The analysis finds that Sri Lanka's progress falls below not only its competitors and peers but also the least developed countries. Based on the findings, this note provides three lessons Sri Lanka can learn from the experience of others who performed better.

1. Introduction

Sri Lanka is presently facing a debt crisis, partly because it borrowed foreign exchange without increasing its ability to earn it. The country's poor export performance is evidence of this failure. Sri Lanka's exports-to-GDP ratio has consistently declined from over 30% in 2000 to 14% in 2021. The value of exports has stagnated for over a decade, recording either negative or low single-digit growth rates.

While there may be numerous factors contributing to Sri Lanka's sluggish export performance, this policy note highlights an important one that puts Sri Lankan exporters at a disadvantage compared to their competitors in the region: the failure of the government to facilitate trade by making import and export procedures efficient, less costly, more predictable and transparent.

Trade facilitation (TF) refers to simplifying, streamlining, and automating import and export procedures and making them more transparent. Higher cost, time and lower predictability that result from the failure to implement measures to facilitate trade undermine the international competitiveness of Sri Lankan exporters. It also makes the country a less attractive destination in the region for export-oriented foreign investments. Further, higher costs and time to trade across borders also keep Sri Lankan SMEs away from international markets. These costs weigh more on SMEs compared to larger firms.

The note compares Sri Lanka's performance in facilitating trade against its key competitors in the region, developing countries and Least Developed Countries (LDCs) and finds that it has made very poor progress in facilitating trade compared to its competitors. It is not only falling behind peers, but also LDCs. The note also provides three lessons Sri Lanka can learn from the experience of others that fared better. It does so by using the experience of Sri Lanka and its competitors in implementing the trade facilitation measures included in the World Trade Organisations Trade Facilitation Agreement (WTO TFA) that came into effect in 2017.

2. Summary findings and recommendations

2.1. Revisit & recategorise the TF measures Sri Lanka has stated it cannot implement without external assistance

Under the WTO's Trade Facilitation Agreement (TFA), countries have included their commitment to implement TF measures in three categories. Measures countries are ready to implement immediately are included in Category A, measures that require time to implement are included in Category B, and measures that require time and external assistance to implement are included in Category C.

Sri Lanka by including 69.3% of TF measures in Category C, has demonstrated to the world that it lacks the capacity to implement bulk of the measures. Sri Lanka in this respect falls behind even the LDCs that on average included less than half (40%) of TF measures in Category C demonstrating more confidence in their capacity to implement. Sri Lanka is far behind other developing countries, that included only around one fifth of the commitments (21.7%) in Category C. Of the 125 LDCs and developing countries party to the WTO TFA, only ten countries (including Sri Lanka) have included over 69% of TF measures in Category C.

These findings reflect very poorly on Sri Lanka, a middle-income economy. To create a positive perception of the country and to assure potential traders and investors of its commitment to facilitate trade, the country needs to reassess its Category C commitments and transition some of the measures to Category B. Reducing the Category C to 40%, will get Sri Lanka to the level of LDCS. Reducing it to 21.7% will enable the country to be on par with its peers. This study identifies 10 measures Sri Lanka can prioritise in this transition and fast track their implementation (refer to Annex 2 for the list). Over 50% of LDCs and over 70% of Developing countries have stated that they have already implemented these or can implement them on their own by including them in Category A or B.

2.2. Provide high level leadership with the authority to spearhead the implementation of TF measures

A key lesson Sri Lanka can learn from other countries that fared better is that the implementation of TF measures in these countries was spearheaded by individuals with a very high level of authority. For example, Vietnam's trade facilitation committee was chaired by the Deputy Prime Minister and India's by the Cabinet Secretary. In comparison, Sri Lanka's chair is the Director General of Customs. High level authority is vital for two reasons: (i) to facilitate access to financial and human resources and; (ii) to overcome the resistance from border agencies whose officials unfairly benefit from the existing opaque, complex, and manual processes.

Failure to provide the right leadership has resulted in Sri Lanka making far less progress in the actual implementation of TF measures since 2017. Sri Lanka was already behind regional competitors (such as Malaysia, Thailand, India, Cambodia and Bangladesh) and the average progress made by developing countries in 2017, but was at par with the progress made by LDCs. Over the last six years, not only has the gap between Sri Lanka and its regional competitors as well as developing countries widened, but the country is also now falling behind LDCs as well. In fact, most competitor countries in the region are moving beyond WTO TFA and are in the process of implementing TFA-plus measures.

2.3. Put in place a result-oriented, time-bound Action Plan and a mechanism to monitor and report progress

Sri Lanka does not have a publicly accessible National Trade Facilitation Action Plan with specific timelines for each commitment. There is no information in the public domain about whether a monitoring mechanism is in place either.

By contrast, Sri Lanka's neighbour India has been consistently publishing National Trade Facilitation Action Plans, with the latest one covering the period from 2020 to 2023, all of which are available online. Making action plans and progress reports public will help create a positive image of the country and make implementation transparent and credible.

3. Research Overview

This note compares the progress made by Sri Lanka in implementing trade facilitation measures against six countries in the South and Southeast Asian region that compete with Sri Lanka in the world market (refer to Exhibit 1) and the average progress made by developing countries and the least developed countries (LDCs). All six countries recorded a higher rate of growth in exports over the last two decades compared to Sri Lanka.

The yardstick used to measure progress is the notifications made to the WTO by each country of its WTO TFA commitments and implementation. The TFA negotiations were concluded in 2013 and the agreement entered into force in February 2017. There are 36 trade facilitation measures that signatory countries have committed to implement. They include, among others, measures such as:

- prompt publication of information such as import and export procedures, applicable taxes, fees and charges, laws, regulations, etc., in an easily accessible manner;
- providing opportunities and an appropriate time period for traders and other interested parties to comment on the proposed introduction or amendment of laws and regulations;
- facilitating the release and clearance of goods, e.g. electronic payment, risk management, expedited shipments;
- facilitating import, export, and transit of goods such as standardized border procedures, single window, use of international standards, and enhancing border agency cooperation.¹

¹For further details on WTO TFA, see: World Trade Organisation, 'Trade facilitation', at https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm, [Last accessed: 15 June 2023].

The notifications to the WTO contained in the WTO TFA database provide a comparable dataset that can be used to compare Sri Lanka's performance with its competitors. This analysis uses two indicators for this comparison.

- 1) The categorisation of the WTO TFA measures into Category A, B and C commitments
 - Category A includes measures a country is ready to implement immediately on the day the WTO TFA came into effect (or within one year for LDCs)
 - Category B includes measures a country has committed to enacting without external assistance but that requires more time.
 - Category C includes measures a country claims may need more time and require capacity-building assistance to implement.
- 2) The progress made by each country to implement the WTO TFA measures that were notified to the WTO.

A higher share of measures in Category A indicates that a country has been proactive in implementing measures to reduce the cost and time of trading across borders prior to the WTO TFA. In other words, the country had already invested in trade facilitation before the enactment of the WTO TFA, giving them a head start compared to its competitors.

Conversely, if a country has included a higher share of measures in Category C, it indicates low capacity and/or commitment to implement trade facilitation measures without external assistance.

Lastly, the level of actual progress made in implementation since the WTO TFA came into effect indicates a country's present level of proactiveness. Based on this analysis, the report identifies reasons why other countries fare better than Sri Lanka and the lessons Sri Lanka can learn based on their experience.

		(0 '1 1	The second second	1. (1) 1.
Exhibit 1: Merchandise Ex	'nort nertorm	ance of Srill anka v	S SEIECTER COM	netitors in the region
EXHIBIT II I ICI CHAHAIGC EX	port perioriii	arrect or orr Larma v	o ocicotca com	potitors in the region.

Country	2000		2021		Increase between		
	(USD Bn)	a % of GDP	(USD Bn)	% of GDP	2000-2021		
Cambodia	1	38%	19	72%	19-fold		
Sri Lanka	5	33%	12	14%	2.4-fold		
Bangladesh	6	12%	44	11%	7.3-fold		
Vietnam	14	46%	336	92%	24-fold		
India	42	9%	395	12%	9.4-fold		
Thailand	69	55%	272	54%	3.9-fold		
Malaysia	98	105%	299	80%	3.0-fold		

Source: World Bank, 'World Development Indicators', at https://databank.worldbank.org/source/world-development-indicators#

3.1. Revisit and recategorise TF measures that Sri Lanka has stated that it cannot implement without external assistance

Sri Lanka has shown the world that it has done very little to facilitate trade prior to 2017 by including a very low share of TF measures in Category A, which contains measures the country was ready to implement in 2017. Sri Lanka has also shown low interest in proactively implementing trade facilitation measures by including a very high share of TF measures in Category C, which contains measures the country cannot implement without external assistance. The large number of measures in Category C of Sri Lanka indicates that the country lacks capacity and is less committed to implementing TF measures².

Sri Lanka's Category A commitments show that it was ready to implement only 29% of the TF measures in 2017. By contrast, Southeast Asian competitors such as Malaysia and Thailand were ready to implement over 90% of measures and even Cambodia, an LDC, over 80%. India, Sri Lanka's neighbour in South Asia, was also ready to implement over 70%. The share of measures included in "Category A" by Sri Lanka is even lower than the share included by Bangladesh (34.5%), an LDC in South Asia. The country's preparedness to implement TF measures

² Refer Annex 1 for Sri Lanka's list of commitments.

was lower than the developing countries average of 59.7% and at par with the average for LDCs (27.8%) (refer to Exhibit 2).³

Sri Lanka's Category B indicates that it can implement only 1.7% of TF measures on its own without external assistance. By contrast, Vietnam, a lower middle-income economy like Sri Lanka has 64.3% of TF measures in Category B, indicating that it can implement bulk of the measures on its own. In terms of confidence in its own capacity to implement TF measures, Sri Lanka in fact lags far behind Bangladesh, a LDC in South Asia which included 36.6% of TF measures in Category B.

Sri Lanka has indicated that it lacks the capacity to implement bulk of the TF measures without external assistance by including 69.3% of the measures in Category C. By contrast, Vietnam has stated that it requires external assistance only to implement 9.2% of the TF measures.

Exhibit 2: Percentage of commitments categorised under each category

	As a % of total WTO TFA Commitments											
Country	Category A Ready to implement on the day TFA comes into force (LDCs within a year)	Category B Need time to implement, but can do on its own	Category C Need both time and external assistance to implement	Unknown								
World	62.3	14.4	20.6	2.7								
Developing	59.7	16.9	21.7	1.6								
LDCs	27.8	23.6	40.0	8.6								
Malaysia	94.1	5.9	None									
Thailand	91.6	8.4	None									
Cambodia	82.8	3.8	13.4									
India	72.3	27.7	None									
Bangladesh	34.5	36.6	29.0									
Sri Lanka	29.0	1.7	69.3									
Vietnam	26.5	64.3	9.2									

Source: World Trade Organisation, 'Trade Facilitation Agreement Database', at https://www.tfadatabase.org/

Sri Lanka fares worse than the average LDC in terms of capacity to implement TF measures on its own. LDCs on average included less than half (40%) of TF measures in Category C. In fact, only ten (including Sri Lanka) out of 125 LDCs and Developing countries party to the TFA have committed over 69% to Category C. They include five LDCs (Madagascar, Sierra Leone, Djibouti, Central African Republic, Burkina Faso) and five developing countries (Sri Lanka, Suriname, Egypt, Ghana, Trinidad and Tobago).

A detailed analysis of the measures Sri Lanka included in Category C shows that five of the measures (2.1, 2.2, 6.2, 7.3, and 7.9) were included in "Category A or B" by over 60% of the LDCs. 4 Additionally, the notifications made by Sri Lanka to the WTO reveal that the country has requested further extensions for four of the measures it has included in Category C. 5 The reasons given are difficulty in finding a donor agency, the need to secure additional technical and financial assistance and difficulties in mobilizing the required resources. These requests reflect poorly on Sri Lanka when, in comparison, competitors like Vietnam included three of these measures in

³ According to the WTO TFA, developing countries are expected to implement the Category A commitments on the day WTO TFA came into effect, while LDCs are expected to implement them within a year.

⁴ Refer Annex 1 for more details.

⁵ The four measures are: Enquiry points (1.3); Notifications for enhanced controls or inspections (5.1); General disciplines on fees and charges (6.1); Specific disciplines on fees and charges (6.2)

KEEP YOUR CREW AND CARGO SAFE

with Riken Keiki's portable gas detectors for the marine industry















Category A and the remaining measure in Category B. Sri Lanka's stance is alarming because these four measures have already been implemented by 30-50% of LDCs and 75% of developing nations respectively. These findings question whether Sri Lanka's inclusion of the bulk of the measures in Category C is because it genuinely needs external assistance to implement these or whether it is simply a ploy by the border agencies to prevent or postpone implementation.

Box 1 - Indicative Targets for Sri Lanka

By how much should Sri Lanka reduce Category C commitments?

Sri Lanka will be at par with LDCs if Category C is reduced to 40% and at par with developing countries if it is reduced to 21.7%

As mentioned earlier LDCs on average have 40% of its commitments in Category C, lower than the 69.7% of Sri Lanka. Developing countries on average have only 21.7% of its commitments in Category C. In fact, most LDCs party to the TFA (19 out of the 35 LDCs) have a lower share of TF measures in List C than the average. This is true for developing countries as well, where most (52 of 90 Developing countries) have less than the average in category C.

Reducing Sri Lanka's Category C commitments to 40% from 69.7% will bring Sri Lanka to the level of LDCs on average but the country would still compare poorly against most LDCs that have less than that in Category C. Reducing the Category C commitments to 21.7% will bring Sri Lanka up to the level of other developing countries. The country should aim to do better than LDCs and at least be at par with the average of developing countries.

What measures can Sri Lanka prioritise in the transition and implementation?

This paper shortlisted 10 measures Sri Lanka can prioritise to transition from Category C to Category B and fast track implementation using the following two indicators; 1) over 50% of LDCs and 2) over 70% of the developing countries have included the measure in Category A or B.

As per the notifications made to the WTO on implementation, all these 10 measures have already been implemented by at least 40% of the LDCs and 75% of the developing countries.

Annex 2 provides details of the shortlisted 10 measures.

The share of measures that Sri Lanka has placed in Category C is larger than that of many LDCs and does not bode well for a country that desperately needs to increase exports and attract export-oriented investments. It sends a negative signal to potential traders and investors and sows doubt about Sri Lanka's commitment to facilitating trade. Revisiting and recategorizing TF measures included in Category C to Category B is vital for Sri Lanka to save face, reverse course and accelerate implementation. In fact, so far 23 countries have taken the initiative to transfer at least one measure from category C to B.

The extent to which Sri Lanka should aim to reduce its List C commitments and what measures the country can prioritise in this transition are provided in Box 1. It is important to note that transitioning measures from List C to List B is meaningless, without implementation. The country's standing in the world will be judged by traders and investors not by its Lists, but by its action.

⁶ Refer Annex 1 for more details.

3.2. Provide leadership with high level authority to spearhead implementation

During the six years that the WTO TFA has been in place, Sri Lanka made the least progress among the selected Asian countries in implementation.⁷ This poor progress reflects the lethargic approach Sri Lanka has taken towards implementation which was discussed in detail in Section 3.1.

Sri Lanka was already behind its regional competitors as well as the average performance of developing countries in 2017. However, the country was at par with LDCs at that time. Over the last six years, Sri Lanka's lack of commitment to implementation has further widened the gap between Sri Lanka and its regional competitors and other developing countries. Alarmingly, Sri Lanka has also fallen behind LDCs (refer to Exhibit 3).

Sri Lanka progressed marginally from 29% in 2017 to 31.5% in 2023. In comparison, Vietnam which was behind Sri Lanka in 2017, progressed substantially from 26.5% to 87.4%. Sri Lanka's performance not only falls short of the average implementation reported by developing countries (79.7%) but also of LDCs (41.4%). 21 out of 35 LDCs have a higher implementation rate than Sri Lanka. Out of the 125 LDCs and Developing countries party to the WTO TFA, only 22 countries (including Sri Lanka) have recorded a level of progress of less than 32%.

In all the 22 TF measures where Sri Lanka has made no progress, the average level of implementation by developing countries and LDCs was at least 40% with 17 of these measures having over 60% implementation.¹⁰

Successful implementation of trade facilitation reforms requires the ability to overcome resistance from border agency officials that fear losing the unfair privileges they have enjoyed for decades from the existing opaque, complex, and manual processes. In addition, the government also needs to allocate sufficient financial and human resources to implement these reforms. Therefore, individuals that spearhead these reforms must have the authority to manage resistance from multiple agencies and facilitate the allocation of resources.

Exhibit 3 - Percentage of commitments implemented as of 19 June 2023

Country	% of Commitments									
Country	Start	As of 19 June 2023								
World	62.3	76.2								
Developing	59.7	79.7								
LDCs	27.8	41.4								
Malaysia	94.1	100								
Thailand	91.6	98.7								
Cambodia	82.8	84.5								
India	72.3	100								
Bangladesh	34.5	44.5								
Sri Lanka	29.0	31.5								
Vietnam	26.5	87.4								

Source: World Trade Organisation, 'Trade Facilitation Agreement Database', available at https://www.tfadatabase.org/

⁷ These countries are selected because they are competitors of Sri Lanka in the international market and have experienced higher growth in exports compared to Sri Lanka (refer Exhibit 1)

⁸ Which means only three of the 25 pending measures have been completed over the last 6 years; namely allowing pre-arrival submissions of documentation and information (7.1); quitting the mandatory use of pre-shipment inspections for tariff classification and customs valuation (10.5); measuring and publishing average release time of goods (7.6).

⁹ Sri Lanka (31.5%); Central African Republic (26.90%); Burkina Faso (26.10%); Lesotho (25.60%); Egypt (23.10%); Eswatini, Kingdom of (23.10%); Trinidad and Tobago (22.70%); Zambia (22.70%); Afghanistan (21.00%); Gabon (14.70%); Nepal (11.80%); Suriname (10.10%); Madagascar (8.80%); Myanmar (8.80%); Uganda (8.40%); Kenya (7.60%); Sierra Leone (5.90%); Djibouti (1.70%); Venezuela, Guinea-Bissau, Haiti, Yemen (commitments yet to be designated)

These 22 countries include nine out of the 10 countries (including Sri Lanka) that demonstrated the lowest confidence in their capacity to implement the TFA by including over 69% of the measures in Category C. The only exception is Ghana with over 73.1% of the measures in category C but with an implementation rate of higher than Sri Lanka's at 50.8%. 10 Refer Annex 1 for more details.

Sri Lanka has failed to provide high level leadership to TF implementation. Sri Lanka's National Trade Facilitation Committee (NTFC), established to spearhead the implementation of the WTO TFA, is co-chaired by the Director General of Sri Lanka Customs (DG Customs) and the Director General of Commerce. By contrast, the NTFC of Vietnam is chaired by the Deputy Prime Minister. In India, NTFC is chaired by the Cabinet Secretary, the most senior civil servant in the country and in Bangladesh, by the Minister of Commerce.

The DG Customs is not the right fit for such a position for several reasons; The DG does not have much influence over budget allocation decisions of the government, nor does he/she have authority over other border agencies to provide the required directions and guidance and overcome the resistance to reforms. Further, there is also a conflict of interest when the chair of the committee tasked with monitoring and evaluating the progress of the implementation of TF measures is also the head of the agency responsible for implementing most of the measures

The importance of having a high-level committee chaired by an individual with high-level of authority in government to implement reforms in Sri Lanka Customs is also emphasised by the Presidential Commission appointed to investigate and inquire into the various allegations and alleged corruption in Sri Lanka Customs (SLC). In its 2022 report, the Commission emphasises the need to establish a high-powered steering committee, overseen by the President, to ensure the successful implementation of the recommendations.¹¹

The current government stated in 2022 its commitment to implement the recommendations of the said Commission. Yet, these recommendations have faced the same fate as WTO TFA, according to a response received to a request for information under the Right to Information (RTI) Act filed by Verité Research. The recommendation to set up a high-level committee has been completely overlooked. According to the information received by Verité Research, the DG Customs appointed a committee chaired by an Additional Director General (ADG) of Customs to monitor the progress of the implementation of the recommendation. Providing high level leadership is important to accelerate the implementation of both WTO TFA as well as the recommendations made by the Presidential Commission referred to above.

3.3. Put in place a results-oriented, time-bound action plan and a mechanism to monitor and report progress

A time bound action plan that identifies the agencies responsible for implementation and a mechanism to monitor progress will contribute to the successful implementation of any reform program. Making such plans and progress reports public increases transparency and accountability of implementation. Sri Lanka's trade facilitation action plan has not been made public. By contrast, Sri Lanka's neighbour India has been consistently publishing National Trade Facilitation Action Plans, with the latest one covering the period from 2020 to 2023, and these plans are published online. While Sri Lanka is yet to publish the action plan for WTO TFA implementation, India's second National Trade Facilitation Action Plan for 2020-2023 in fact has included 52 additional measures that go beyond the WTO TFA.¹⁴

Even with the action plans in place, it is crucial to monitor and report progress to ensure successful implementation. There is no published information about a monitoring mechanism put in place for the implementation of the WTO TFA and no progress reports have been made public beyond the notifications made to the WTO.

¹¹ Presidential Secretariat, 'Commission of inquiry to investigate and inquire into the various allegations and alleged corruptions in Sri Lanka Customs', 31st March 2022, received in response to requests for information filed under the Right to Information Act No. 12 of 2016.

¹² Ministry of Finance, 'Interim Budget Speech – 2022', at https://www.treasury.gov.lk/api/file/69d90eaf-5eda-4947-9b43-0cb1f99ccef0, [Last accessed: 15 June 2023], paragraph 8.3.

¹³ Information provided by the Ministry of Finance and Sri Lanka Customs in response to requests for information filed under the Right to Information Act No. 12 of 2016.

¹⁴ National Committee on Trade Facilitation: India, 'National Trade Facilitation Action Plan 2020-2023', at https://old.cbic.gov.in/resources//htdocs-cbec/implmntin-trade-facilitation/NTFAP2020-23jk.pdf, [Last accessed: 15 June 2023].

4. Conclusion

This note finds Sri Lanka to be the most laggard in terms of its commitment to implementing trade facilitation measures among the selected Asian countries. The country has made the least progress in facilitating trade during the last six years. It finds Sri Lanka's lack of progress in trade facilitation alarming, particularly as it falls behind even the least developed countries and claims that it has lesser capacity than the least developed countries to implement measures to facilitate trade.

At a time when other countries in the region are moving beyond WTO TFA and are adopting TFA-plus measures to address bottlenecks that prevent their companies from succeeding abroad, Sri Lanka's poor commitment and lack of progress in trade facilitation is a clear drawback.

Sri Lanka's weak performance in this respect compared to its competitors and even LDCs in the region does not bode well for the country, especially given its dire need for foreign exchange. The country's poor track record sends a negative signal to potential traders and investors that can increase the country's ability to earn foreign exchange earnings.

Sri Lanka can take three steps to send a positive signal and accelerate the implementation of the TF measures: (1) Revisit and recategorize measures included in Category C to a level at par with its peer economies and priorities transitioning and implementing measures already included in Category A or B by most LDCs and developing countries; (2) Fast track implementation of trade facilitation measures by providing higher level leadership; and (3) ensure transparency and credibility of implementation by publishing a time-bound action plan and instituting an effective mechanism to monitor and report progress.

Annexures

Annex 1: TFA commitments and Implementation status by measure: Sri Lanka vs LDCs and Developing Countries

			Commitment													Implementation status as of 23 June 2023				
		s	ri Lank	a		LDCs				Developing			De	velopin	g and L	DC				рı
Measure no	Measure	А	В	С	А	В	С	Unknown	А	В	С	Unknown	А	В	С	Unknown	Sri Lanka	rDCs	Developing	Developing and LDC
1.1	Publication	0	0	100	19	35	37	9	54	26	19	1	44	29	24	3	0.0	45.1	81.1	71.0
1.2	Information available through internet	0	0	100	17	15	60	9	52	12	35	1	42	13	42	3	0.0	33.7	76.7	64.6
1.3	Enquiry points	0	0	100	17	14	60	9	46	25	28	1	38	22	37	3	0.0*	31.4	81.9	67.8
1.4	Notification	0	0	100	31	33	27	9	56	28	14	1	49	30	18	3	0.0	51.4	82.2	73.6
2.1	Comments and information before entry into force	0	0	100	31	46	14	9	62	23	13	1	54	30	14	3	0.0	57.1	81.1	74.4
2.2	Consultations	0	0	100	26	46	20	9	59	26	14	1	50	31	16	3	0.0	48.6	81.1	72.0
3	Advance rulings	0	0	100	20	37	34	9	47	19	33	1	39	24	34	3	0.0	45.7	73.2	65.5
4	Procedures for appeal or review	100	0	0	37	32	23	9	75	13	11	1	64	19	14	3	100.0	56.8	87.3	78.8
5.1	Notifications for enhanced controls or inspections	0	0	100	34	20	37	9	53	23	23	1	48	22	27	3	0.0*	42.9	80.0	69.6
5.2	Detention	100	0	0	69	14	9	9	79	16	4	1	76	15	6	3	100.0	77.1	95.6	90.4
5.3	Test procedures	0	0	100	17	6	69	9	44	13	41	1	37	11	49	3	0.0	20.0	60.0	48.8
6.1	Disciplines on fees, charges imposed	0	0	100	26	31	34	9	57	24	18	1	48	26	22	3	0.0*	48.6	77.8	69.6
6.2	General disciplines on fees and charges	0	0	100	34	26	31	9	67	12	19	2	58	16	22	4	0.0*	48.6	80.0	71.2
6.3	Specific disciplines on fees and charges	100	0	0	34	46	11	9	77	14	8	1	65	23	9	3	100.0	57.1	88.5	79.7

7.1	Pre-arrival processing	0	100	0	29	14	49	9	61	23	15	1	52	20	24	3	100.0	34.3	87.8	72.8
7.2	Electronic payment	100	0	0	20	26	46	9	58	22	19	1	47	23	26	3	100.0	34.3	83.3	69.6
7.3	Separation of release	0	0	100	37	29	26	9	73	15	12	1	63	19	16	3	0.0	57.1	88.9	80.0
7.4	Risk management	0	0	100	14	9	69	9	51	5	42	2	41	6	49	4	0.0	19.3	66.7	53.4
7.5	Post-clearance audit	0	0	100	37	9	46	9	59	10	29	2	53	10	34	4	0.0	42.9	73.3	64.8
7.6	Average release times	0	0	100	17	14	60	9	44	15	39	1	37	15	45	3	100.0	28.6	74.4	61.6
7.7	Authorised operators	0	0	100	6	14	71	9	39	19	39	3	30	18	48	5	0.0	14.3	66.7	52.0
7.8	Expedited shipments	100	0	0	29	23	40	9	62	15	22	1	52	17	27	3	100.0	45.7	82.1	71.9
7.9	Perishable goods	0	0	100	31	34	26	9	64	14	20	2	55	20	21	4	0.0	42.9	80.9	70.2
8	Border Agency Cooperation	0	0	100	0	9	82	9	53	13	31	2	38	12	46	4	0.0	11.9	68.1	52.4
9	Movement of goods	100	0	0	69	17	6	9	88	10	1	1	82	12	2	3	100.0	80.0	95.6	91.2
10.1	Formalities	0	0	100	28	20	44	9	60	14	25	1	51	16	30	3	0.0	42.1	74.4	65.4
10.2	Acceptance of copies	0	0	100	24	33	34	9	60	25	14	1	50	27	20	3	0.0	40.0	81.1	69.6
10.3	Use of international standards	0	0	100	23	20	49	9	68	11	20	1	55	14	28	3	0.0	34.3	78.9	66.4
10.4	Single window	0	0	100	6	11	74	9	25	11	62	2	20	11	65	4	0.0	20.0	47.2	39.6
10.5	Pre-shipment inspection	0	100	0	64	13	14	9	89	6	4	1	82	8	7	3	100.0	78.6	95.6	90.8
10.6	Use of customs brokers	100	0	0	60	20	11	9	82	11	6	1	76	14	7	3	100.0	71.4	92.2	86.4
10.7	Common border procedures	100	0	0	49	20	23	9	84	10	5	1	74	13	10	3	100.0	54.3	91.3	80.9
10.8	Rejected Goods	100	0	0	57	29	6	9	81	12	6	1	74	17	6	3	100.0	71.4	91.7	86.0
10.9	Temporary admission of goods and inward and outward processing	100	0	0	54	31	6	9	84	11	4	1	76	16	5	3	100.0	71.4	94.4	88.0
11	Transit	100	0	0	31	28	33	9	70	16	13	1	59	19	18	3	100.0	42.9	85.9	73.9
12	Customs cooperation	0	0	100	31	17	43	9	59	19	20	2	51	18	26	4	0.0	37.2	81.1	68.8

^{*}Extension requested by Sri Lanka.

Source: World Trade Organisation, 'Trade Facilitation Agreement Database', available at https://www.tfadatabase.org/

Annex 2: List of measures to priorities to be transitioned from category C to B $\,$

			(lm	Implementation				
		Sri Lanka	LD	Cs	Devel	oping	Sri Lanka		Ē,
Measure no	Description	С	A+B	С	A+B	A+B C		LDCs	Developing
1.1	Prompt publication of information on trade procedures, taxes, fees etc. in a non-discriminatory and easily accessible manner.	100	54	37	80	19	0	45.1	81.1
1.4	Notification to the WTO TF committee the official places where information referred to in 1.1 etc. is published	100	64	27	84	14	0	51.4	82.2
2.1	Opportunity and appropriate time periods to comment and information before new or amendments to laws/regulations/duties comes into force	100	77	14	85	13	0	57.1	81.1
2.2	Regular consultations between border agencies, traders and other stakeholders	100	72	20	85	14	0	48.6	81.1
5.1	Notification & guidance for Enhanced Controls or Inspections in relation to sanitary and phytosanitary conditions	100	54	37	76	23	0	42.9	80
6.1	General Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation such as publication of relevant information, informing parties in advance of any revisions, periodical review	100	57	34	81	18	0	48.6	77.8
6.2	Specific Disciplines on Fees and Charges for Customs Processing Imposed on or in Connection with Importation and Exportation such as ensuring that the fees are set to recover the cost of the service	100	60	31	79	19	0	48.6	80
7.3	Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges	100	66	26	88	12	0	57.1	88.9
7.9	Preventing avoidable loss, deterioration of perishable goods, by releasing goods at the shortest possible time under normal circumstances, outside business hours under exceptional circumstances, providing priority during examination, arranging for proper storage facilities pending release etc.	100	65	26	78	20	0	42.9	80.9
10.2	Acceptance of paper or electronic copies of supporting documents for import/export/transit formalities	100	57	34	85	14	0	40	81.1

Source: World Trade Organisation, 'Trade Facilitation Agreement Database', available at https://www.tfadatabase.org/



A | No. 5A, Police Park Place, Colombo 5

T | +94 11-2055544

Elreception@veriteresearch.org

W| www.veriteresearch.org



COMMERCIAL SHIPPING AND INTERNATIONAL TRADE PARTITION



By Professor (Dr) Lalith Edirisinghe

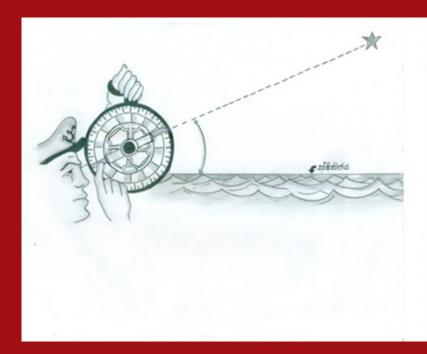




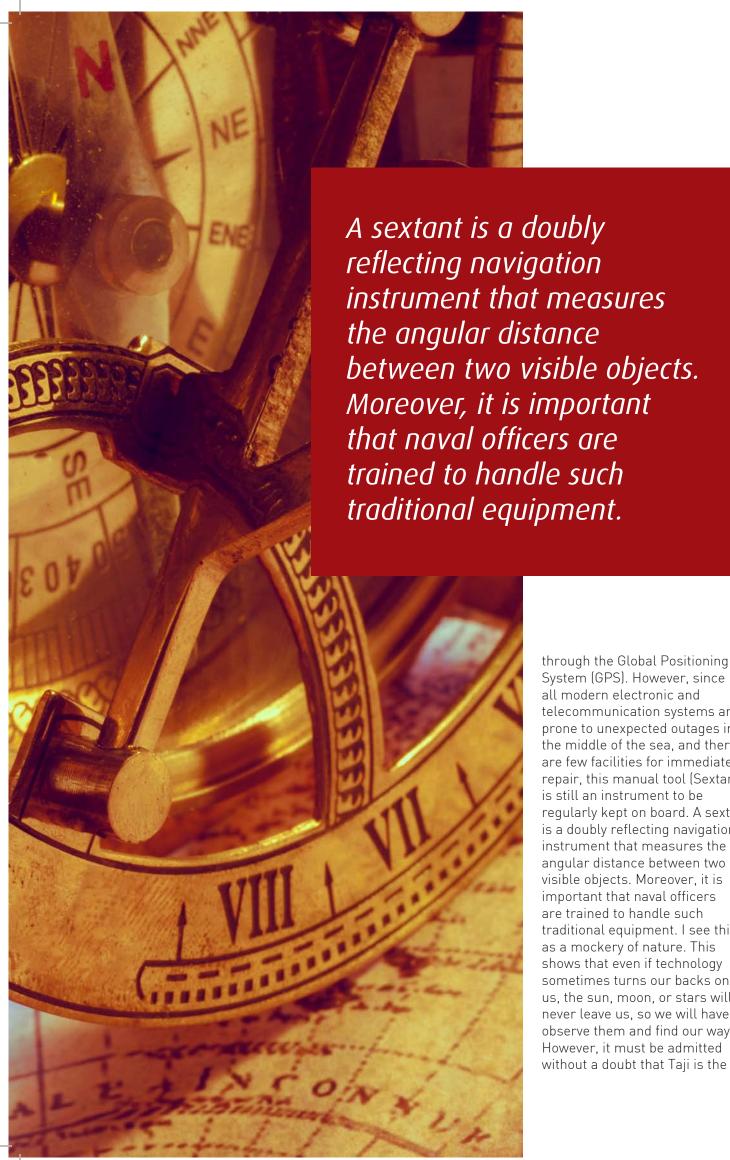
Figure 2.1 - Acquisition of astronomical data

EVOLUTION OF MARINE NAVIGATION

Generally, navigation refers to the passage of ships. Broadly speaking it is the process or activity of accurately ascertaining one's position and planning and following a route. Marine navigation is a complicated phenomenon as it can be explained under the philosophy of both science and art. It relates to steering a ship from its origin point and sailing to a predetermined destination within an estimated time duration. The people who are involved in this operation are called sailors, seafarers, or navigators. The previous article explained how the medium for transport through shipping has been generated

by people as the product is arranged to float in the water without sinking. Therefore, it is an art because of the skill that the navigator must have to avoid the dangers of navigation. On the other hand, it can be explained as a science because entire navigational system is based on physical, mathematical, oceanographic, cartographic, astronomical, and other scientific based knowledge. Unlike handling a vehicle like a car or a train on land, handling a ship in the middle of the ocean is a huge challenge. Since the beginning of seafaring, sailors have used the constellations to manage their journeys.

The "tariksu" or star compass is used by navigators and astronomers to measure the altitude of a celestial body above the horizon. This instrument was useful for calculating local latitude and local time. identifying stars or planets. Later, the navigator was encouraged to obtain more accurate data through the surface instrument. Latitude data was generally obtained by measuring the angle of a heading using the compass, and the sextant can be used to measure an angle in any plane through the principle of double reflection. Today, high-tech, highly accurate data acquisition methods have been introduced



System (GPS). However, since all modern electronic and telecommunication systems are prone to unexpected outages in the middle of the sea, and there are few facilities for immediate repair, this manual tool (Sextant) is still an instrument to be regularly kept on board. A sextant is a doubly reflecting navigation instrument that measures the angular distance between two visible objects. Moreover, it is important that naval officers are trained to handle such traditional equipment. I see this as a mockery of nature. This shows that even if technology sometimes turns our backs on us, the sun, moon, or stars will never leave us, so we will have to observe them and find our way. However, it must be admitted without a doubt that Taji is the

most convenient, accurate and quick method available to sailors. In the past, the Romans learned from experience that transporting low-value goods such as grain or building materials across the Mediterranean Sea was more profitable than overland transport. Accordingly, around the 10th century, the Arab Empire established trade and trade routes connecting Asia, Africa, and European countries.

In terms of economic theory transport is a derived demand of trade. Therefore, it is interesting to review the historical development of the sea trade when studying shipping and the international trade. I am sure you must have heard about Sea Silk Road (or Seda Mawatha in Sinhala). The recently launched massive project by the Chinese President, Xi Jinping "One belt: One Road" or the Belt and Road Initiative, may create many historical developments in the interest of global logistics. This has been dubbed the New Silk Road. In the past, there were two shipping routes related to the East China Sea and the West China Sea. Known as the New Silk Road or the 21st Century Maritime Silk Road, this is a powerful factor in increasing economic cooperation between China and Southeast Asia, South Asia, the Middle East, North Africa, and Europe. This means that the trade between these countries will be made easier. This is also a good example for you to understand the relationship between international trade,

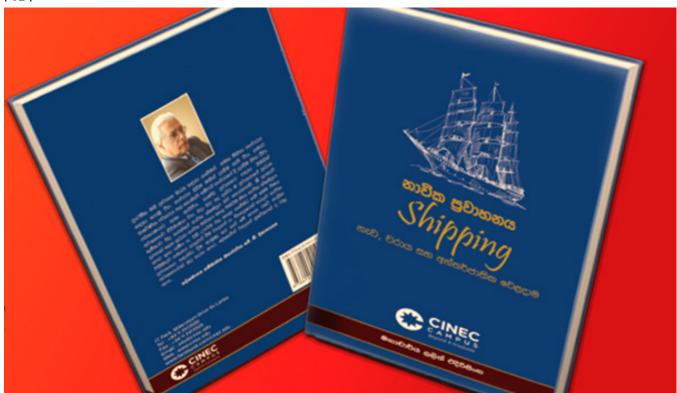
shipping, logistics, and transport. From the 15th century to the 19th century, there was a special development related to maritime transport and with the promotion of shipbuilding, the world was opened to all nations by sea. The opening of the Suez Canal in the 19th and 20th centuries allowed sailors to quickly transport between Europe and Asia without going around Africa. Thus, the Panama Canal connected the Atlantic and Pacific oceans. (This will be discussed in detail later in the book because these canals indirectly increase global shipping capacity.) Although these matters are very complex, this book briefly introduce the background related to them from time to time to gradually direct the reader to those matters due to its relevant to the core subject. For example, transportation or logistics services are linked to each other under different fields and subjects that makes shipping more complicated. However, this book systematically explains the interrelations in simple manner with examples and you will clearly understand.

The 20th century saw rapid development in this field through the development of passenger ships and containerized shipping. Many young readers who look at the naval industry today are really seeing the result of the irresistible sacrifices made by man for his future generations since the distant past. However, today we are experiencing the peak of this development. There were many harsh situations in the past that

most readers today will not see in practice. The people who lived at that time had the ability to tolerate them very carefully and face them positively and contribute to the development of the world through their innovations. The history of the naval industry and its systematic evolution were explained at length to give the new entrants an understanding of their future responsibilities. Not to underestimate the current generation without that.

From floating a log in a small stream, man's observation gradually developed into a very large ship as the promotion of international trade created a derivative demand for shipping. Thus, all the social, economic, trade, geographical, and political changes in the world have affected this development. Given the ever-increasing trend of the global trade the carrying capacity of the global merchant fleet has been increasing steadily during recent decades, reflecting the impact of derived demand. It is reported an available shipping capacity of nearly two billion deadweight tons in 2020 and the seaborne trade transport volume was roughly 11 billion metric tons, up from 8 billion metric tons in 2008. The deadweight is the difference between the displacement and the mass of empty vessel (lightweight) at any given draught. The simple idea here is to indicate the total weight in tons that can be safely sailed, taking the total weight of cargo, fuel, fresh water, ballast water, provisions, passengers, and crew.

Next article: Part three of the series of the article will contain details about the ship designing.



NOTE FROM THE AUTHOR

This article is extracted from the latest textbook on commercial shipping in international trade that will be published by CINEC Campus at the right time. The first article of this series of articles has been published in the Bridge 17 the Edition and this is the second chapter of the series. The author selected the Bridge magazine for the prepublication of the book in recognition of CASA's immense contribution to the shipping industry.

This book is written in Sinhala language focusing on a cross section of society. The author believes that social awareness is the key to attracting more candidates to the shipping industry. Extending the concept of education vertical integration (EVI) to this academic discipline CINEC Campus is planning to launch a book written in Sinhala language on Commercial Shipping and International Trade. Sri Lanka being an island and located very close to the world's major shipping routes that the West connects to the East, the nation has a close association with ships. It has been identified that seafaring is one of the most lucrative job markets that attracts substantial foreign exchange to the country. The industry has set clear targets to increase the current seafaring workforce of 16,000 seafarers to 50,000 in five years. However, such a goal may need very efficient and effective strategic planning and a committed approach to make it a reality. Taking commercial shipping as a part of school curriculum should be the next step popularizing seafaring among the next generation. A similar approach initiated and launched by CINEC in the logistics industry with the directives of Ministry of Education and Ministry of Transport has been a roaring success.

ABOUT THE AUTHOR

Professor Edirisinghe commenced his career in 1981 as a Cadet Officer in Merchant Navy. He holds a Ph.D. in Transportation Planning and Logistics Management. He is a Chartered Logistician and Chartered Marketer.

He is an Expert Consultant to the United Nations Secretariat and a member of Wellness Tourism Advisory Group of the European Union (EU). He is also a member of the subcommittee of the Sri Lanka Export Development Board on Capacity building and involved in drafting the National Transport policy and National Tourism policy documents in Sri Lanka.

He counts 42 years of work experience in the corporate sector and is the author of the first logistics textbook and shipping textbook written in the national language, introducing many theoretical models in shipping, and developing new transportation theories and concepts.

Professor Edirisinghe was instrumental in introducing Logistics in the school curriculum in 2017 and establishing a National day for Logistics in 2021 in Sri Lanka. Prof. Edirisinghe is the Dean of the Faculty of Management and Social Sciences, and the head of World Bank's Technology Transfer office of the CINEC Campus.



WHY DOES SRI LANKA CLAIM IT HAS LESS CAPACITY THAN LEAST DEVELOPED COUNTRIES FOR TRADE FACILITATION?

THE CONCERNING NOTIFICATION MADE TO THE WORLD TRADE ORGANISATION

Higher costs and time resulting from opaque, complex, time consuming, manual export and and import procedures discourage businesses from engaging in international trade and undermine their international competitiveness. Such costs and time can be significantly reduced by simplifying, streamlining, and automating import and export procedures and making them more transparent. Doing so is referred to in trade jargon as trade facilitation.

Research on the commitments and progress made in trade facilitation by Sri Lanka, a lower middle- income country, reveals that it is not only falling behind other middle-income countries but is also falling behind the least developed countries (LDCs). Over the last six years, Sri Lanka has made less progress than LDCs in making the country's import and export procedures more efficient, more transparent, and less costly. What is alarming is that Sri Lanka, despite being a lower middle-income country, has claimed that it has lesser capacity than the LDCs to do the needful. This does not bode well for a country that is in dire need of foreign exchange. It is vital to take steps without delay to reverse this trend.

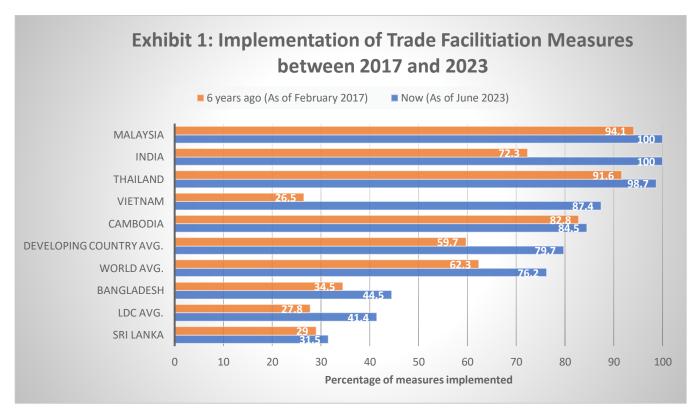
Sri Lanka has made less progress on implementation than LDCs

Notifications made by countries to the World Trade Organisation (WTO) on the implementation of Trade Facilitation measures are a useful yardstick to compare Sri Lanka's performance against its regional competitors, other developing countries, as well as LDCs. Such notifications are made by countries to the WTO under the WTO's Trade Facilitation Agreement (TFA) which came into effect in February 2017. The TFA contains 36 measures aimed at making it easy to access trade related information, ensuring inclusive decision-making, efficient goods clearance, and introducing standardised border procedures.

Exhibit 1 provides a summary of the progress made by Sri Lanka and others during the last six years in implementing these trade facilitation measures. Sri Lanka already had a glaring gap compared to most of its regional competitors in 2017 and was falling far behind the average for developing countries. For example, with only 29% implementation at the start Sri Lanka was already behind regional competitors like Malaysia and Thailand that had implemented over 90% of the measures. India, our South Asian neighbour, had implemented 70%. Sri Lanka has fared worse than Cambodia and Bangladesh as well, two LDCs in the region.

By 2023, the wide gap that existed in 2017 between Sri Lanka and its regional competitors as well as other developing countries had widened further. For example, Malaysia and India have completed the implementation of all the measures. Thailand completed 98.7%. Vietnam, which was slightly behind Sri Lanka in 2017 has made remarkable progress by moving from 26.5% in 2017 to 87.4% by 2023.

In contrast, Sri Lanka has made poor progress moving from 29% to 31.5%. What is alarming is that Sri Lanka, which was slightly ahead of the average performance of LDCs in 2017, has fallen far behind them by 2023. Over the last six years, the percentage of measures implemented on average by LDCs increased from 27.8% to 41.4%



Source: TFA database: https://www.tfadatabase.org/

Sri Lanka claims to have less capacity than LDCs to do the needful

Each country is required to provide notifications of its trade facilitation implementation commitments to the WTO under three categories. The first category includes measures in the Trade Facilitation Agreement that the country is committed to implement in 2017 (LDCs by 2018). The second category includes measures the country is committed to implement on its own but requires time. The third category includes measures the country requires time as well as external assistance to implement.

According to the WTO Trade Facilitation Database, Sri Lanka has placed a staggering 69.3% of the trade facilitation measures in category three. This means that the country has declared that it does not have the capacity to implement the bulk of the trade facilitation measures on its own without external assistance. In contrast, LDCs on average have included less than half [40%] of the trade facilitation measures in category

three, demonstrating more confidence than Sri Lanka in their capacity to implement measures on their own without external assistance. Bangladesh, an LDC in the region, exhibits even more confidence in its capacity to implement measures compared to its peers by including a significantly lower share of measures (just 29%) in category three.

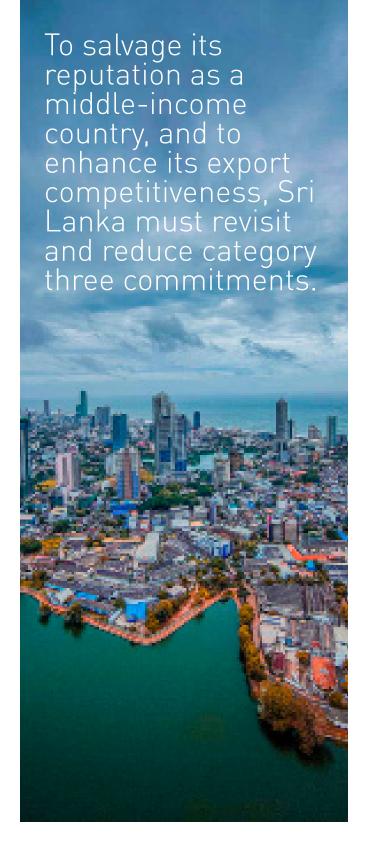
According to the notifications submitted by Sri Lanka to the WTO, it has requested further extensions to implement four of the measures included in category three. The reasons given are the difficulty in finding a donor agency, the need to secure additional technical and financial assistance and difficulties in mobilising the required resources. The calculations done by Verite Research reveal that these four measures the country has declared it requires more time and assistance to implement, have already been implemented by 30-50% of LDCs and 75% of Developing nations respectively.

These figures reflect very poorly on Sri Lanka. It raises the question as to whether the reason for including the bulk of the measures in category three is a genuine lack of capacity. Or was it a ploy by the border agencies to prevent or postpone implementation for fear of losing the personal rewards the current opaque and inefficient system provides them with?

The way forward

These findings represent a missed opportunity for Sri Lanka to increase the competitiveness of its exporters, especially SMEs for whom higher costs and time to trade across borders is a major barrier to success in the international market. It also sends a negative signal to potential investors, who may question Sri Lanka's commitment to facilitating trade, making Sri Lanka a less attractive destination in the region for exportoriented foreign investments.

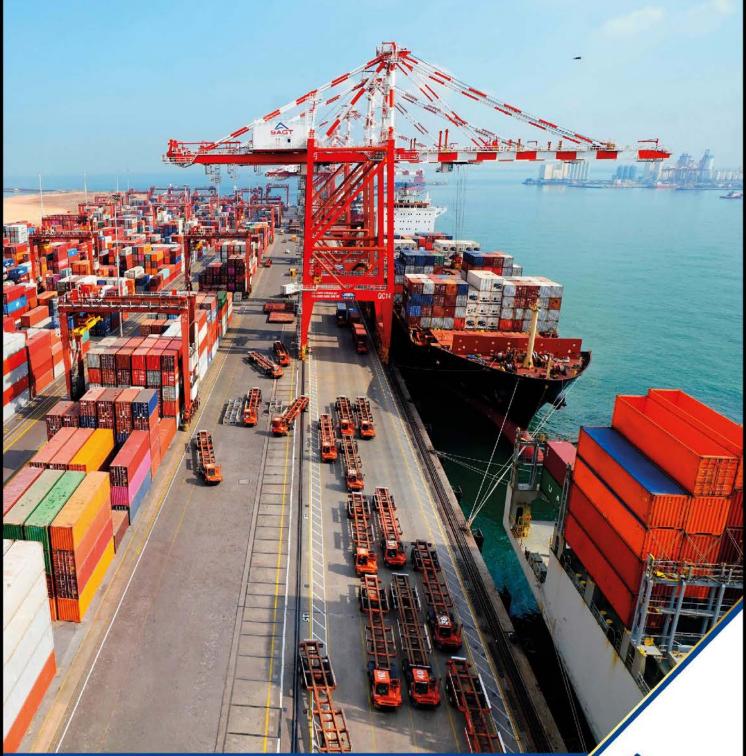
To salvage its reputation as a middle-income country, and to enhance its export competitiveness, Sri Lanka must revisit and reduce category three commitments. By doing so, it must demonstrate to traders and investors both current and potential that it has more confidence in its capacity than LDCs in implementing trade facilitation measures. Positive signalling alone will not help without action. It is time for Sri Lanka to pull up its socks and act fast to facilitate trade so that it can outperform the LDCs and catch up with its peers without delay. The clock is ticking, and the nation's economic future hinges on the actions it takes today.



Subhashini Abeysinghe is a Research Director at Verité Research. She holds a Bachelors and a Masters Degrees in economics from Colombo University and a Master's Degree in International Law and Economics from the World Trade Institute, University of Bern.

Mathisha Arangala is a Lead Economist at Verité Research. He holds a Bachelor of Business and Commerce in Economics and Banking and Finance from Monash University Malaysia and a Higher Diploma in International Relations from the Bandaranaike Centre for International Relations (BCIS).

Pioneering the World's Gateway in South Asia



South Asia Gateway Terminals (Pvt) Ltd

Port of Colombo P.O. Box 141,Colombo 01, Sri Lanka. **T** +94 112457500 **F** +94 112457558 **E** info@sagt.com.lk

www.sagt.com.lk **f @ 9 m**















PRUDENTIAL SHIPPING, PREMIUM TRADING & LOGISTICS AND HELANKA VACATIONS

BY MENDISONE CELEBRATES 25 YEARS OF EXCELLENCE

MendisOne, consisting of three prominent entities namely Prudential Shipping, Premium Trading & Logistics and Helanka Vacations, dedicated to shipping, trade & logistics, and leisure services, is proud to celebrate its remarkable 25th anniversary. Since its inception, the organization has thrived resolutely on its commitment to exceptional service, unwavering ethics, and global outreach.

Over the past quarter-century, MendisOne has built a stellar reputation for excellence, reliability, and innovation. As a collective force, MendisOne has continuously strived to exceed customer expectations, providing tailor-made solutions to meet the diverse needs of clients worldwide. With a steadfast focus on customer satisfaction, MendisOne has emerged as a trusted partner in all its areas of service.

By leveraging the synergies between its three sectors, MendisOne has forged a comprehensive network that caters to the varied demands of businesses and individuals across the globe.

At the heart of the Group lies a set of core values that guide its every endeavor. MendisOne believes in integrity, transparency, and innovation, ensuring that all interactions are conducted with honesty and ethics. Furthermore, one of the key drivers behind the Group's success is its international footprint. With partners strategically located worldwide, the group has established an extensive network that spans continents. By connecting diverse markets and facilitating seamless global trade, the companies have contributed significantly to the growth and development of Sri Lankan businesses across borders.

Reflecting on the journey Chairman, Mr. Rohitha Mendis states, "We celebrate a remarkable milestone - our 25th year, filled with gratitude. Our journey has been guided by resolute values, unwavering commitment, and dedication to improving the lives of our customers. We extend heartfelt appreciation to our customers and partners for the trust placed in us; and to our present and past employees, vendors whose contributions are much valued. As we embrace the future, we recognize the importance of timely transitions and innovative strategies. Our success is intertwined with strong relationships, navigating the unknown, and delivering unparalleled service. For a creative man is motivated by the desire to achieve and not by the desire to beat others."

Under the leadership of Chairman Mr. Rohitha Mendis and Managing Director Mr. Rishantha Mendis, MendisOne reaffirms its commitment to continuous improvement and staying at the forefront of industry trends as it surpasses its 25th year of exceptional service. With an eye towards the future, MendisOne plans to expand its service offerings, embrace emerging technologies, and forge new partnerships to better serve its global and local clientele.

