



Asia-Pacific Research and Training Network on Trade

Improving Import-Export Procedures and Processes in Sri Lanka

Deshal de Mel
Suwendrani Jayaratne
Dharshani Premaratne

ARTNeT Working Paper Series No. 91/January 2011

ARTNeT Working Paper Series

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The summary of the paper was published as De Mel, D., Jayaratne S. and Premaratne D., "Improving Import-Export Procedures and Processes in Sri Lanka in ESCAP (2011), Trade Facilitation in Asia and the Pacific: An Analysis of Import and Export Processes", ESCAP Studies on Trade and Investment, No. 71, United Nations, Bangkok

The authors work at the Institute for Policy Studies (IPS) in Colombo, Sri Lanka. This work was carried out with the aid of a grant from the International Development Research Centre (IDRC), Canada, and is part of an ARTNeT Trade Facilitation Study on Improving Regional Trade Procedures and Process (see www.artnetontrade.org for details). The technical support of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) is gratefully acknowledged. The authors wish to particularly thank Yann Duval, Florian Alburo and other advisors in ESCAP team for their valuable input and comments on the study. The authors would also like to acknowledge the research assistance from Kasuni Herath and Upekha Karunatunga. This paper also benefited from comments received from participants during the ARTNeT Trade Facilitation Research Team Meeting on Improving Regional Trade Procedures and Process and Asia-Pacific Trade Facilitation Forum, held between 4 and 6 October 2010 in Kuala Lumpur, Malaysia. The authors are grateful to the importing/exporting companies interviewed, for their time and patience in explaining the import/export processes, and would also like to thank Mr. Sarath Jayatillake, former Director General of the Sri Lanka Customs Department for reviewing earlier drafts. The opinion figures and estimates are the responsibility of the authors and should not be considered as reflecting the views or carrying the approval of the United Nations, ARTNeT or IPS. Any errors are the responsibility of the authors, who can be contacted at suwendrani@ips.lk, dhharshani@ips.lk

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Executive Summary

An in-depth understanding of trading processes is required in order to identify areas that create bottlenecks in trade and to take measures to remove such bottlenecks. Towards this end, this study examines the trading procedures and processes for two export and two import products of Sri Lanka. The study involves mapping the processes involved in the export of tea to Japan and tyres to India, and the processes involved in the import of motor vehicles from Japan and textiles from India, through a business process analysis. This study has attempted to list all the required documents and all procedural requirements from the point of order to shipment, and to also estimate the costs of trade for the selected products.

The study found that there are 24 documents involved in exporting tea, 19 documents required for the export of rubber tyres, 18 documents required for the import of cars and 19 documents required for the import of textiles, while the number of agencies involved ranges from five to nine. The number of days taken to export tea is 17.06, while 16.9 days are required to export rubber. To import vehicles and textiles takes 6.4 and 6.05 days, respectively. The costs range from USD 79 (to import a vehicle) to USD 677 (to import a container of textiles). Several of these figures differ significantly from the estimates published by the World Bank.

The study found no major differences in terms of the process or time taken by large companies compared with medium-sized traders, but the study found that Board of Investment approved companies have some advantage over other countries in terms of the time taken to trade.

The majority of the companies interviewed for the study have been in business for a long time and employ Customs House Agents or freight forwarders who are well versed in the processes. Thus, the traders are accustomed to the processes and have few complaints. Nevertheless, they identified the need to automate trade procedures as a priority area for attention, and raised a number of other issues.

From the findings of the study, it is recommended that steps be taken to:

- Take forward the computerization and automation of trade procedures.
- Issue the Certificate of Origin (COO) electronically and ensure acceptance by trading partner countries of the electronic COO.
- Open customs clearance during weekends and holidays and remove overtime fees.
- Better control the rates charged by shipping lines and freight forwarders.
- Develop credit facilities at the ports.
- Put all related agencies under one roof.

Introduction

Cumbersome paperwork, delays caused by regulatory agencies and other bureaucratic red tape hinder trading processes, causing unnecessary delays and costs to traders. Research has shown that trade facilitation can lower trade costs and in the context of the global economic crisis there is greater need for reforms in trade practices than ever before.¹ As Finger and Schuler (1999) note, although trade facilitation issues “are more difficult to reform than mere tariff rates, ...[they] are probably becoming more important as tariffs fall and global supply chains come to dominate production and trade”.²

Researchers, investors and governments use trade facilitation indicators such as the number of documents and the number of days required for trading as tools for analyses and comparison. The figures obtained in studies often vary significantly, however, based on the traded product, the requirements of the trading partners, the country and other factors. For example, research conducted by the Kasetsart University (2007) found that there are 15 parties involved in exporting rice from Thailand and 24 documents are required, while in the case of Sri Lanka there are over 30 parties involved in the import/export process, with traders having to visit some or all of them depending on the good traded (Wijayasiri and Jayaratne, 2009).

This study carries out a detailed analysis of the trading procedures in Sri Lanka for the export of tea to Japan and tyres to India, and the procedures involved in the import of vehicles from Japan and textiles from India. India is the largest trading partner of Sri Lanka in the region, and Japan is an important trading partner of Sri Lanka outside South Asia. The products selected for analysis are key to the Sri Lankan economy in terms of economic performance as well in terms of their impact on development, employment, government revenue and intra-regional trade. In addition to capturing the different requirements specific to the chosen products, the study also attempts to analyze the variations between the processes for Board of Investment (BOI) approved companies and non-BOI companies as well as to perceive any differences in procedures/processes for large exporters compared with small and medium-sized enterprise (SME) exporters.

This in-depth analysis at the country-level is expected to provide useful information to traders, researchers and policy makers to identify any existing bottlenecks, see where previous changes to the system have been successful and to derive policy recommendations regarding elements of import/export processes that need improvement.

¹ Benjamin T. Taylor and John S. Wilson (2009).

² Finger and Schuler (1999).

1. Trade facilitation in South Asia and Sri Lanka

Trade and transport facilitation has become a vital tool in the process of integrating markets, and is an important factor in determining levels of trade that take place between countries and in investment decisions taken by the private sector. Current production methods and cost-effective strategies (e.g. just-in-time) demand efficient trade and transport facilities to be in place in both the exporting and importing countries. For instance, trade and transport facilitation is crucial for the garment industry in the South Asia region because of its heavy dependence on imports, the short delivery cycles required by higher value market segments and price competition.

Developing countries are often adversely affected by inefficiencies and delays that occur as a result of inadequate infrastructure and cumbersome trade procedures, which, if improved, would improve links with other markets and lead to growth in trade. South Asia is often perceived to have poor external supply chains. In general, when indicator measurements are compared, South Asian countries lag behind Singapore, Malaysia and Thailand. Although trade facilitation in South Asia has improved, with major improvements having been made in some countries of the region, some countries lag behind.³ India and Sri Lanka are the best performers in the South Asia region. This is reflected by these countries' competitiveness in the global market, as indicated in reports such as the Global Competitiveness Report.⁴

The "Trading Across Borders" measures of the World Bank's annual "Doing Business Report" assess the costs, procedures and time taken by countries in trading, and are widely used as benchmarks for comparison across countries and regions. According to the Doing Business Report, South Asia's trading efficiency is relatively poor, with the region demanding the highest number of export and import documents compared to other regions in the world. The documentation needs of countries like Singapore, Thailand and Indonesia are significantly lower, and this can be largely attributed to the automated trading systems that are in place in these countries.

While all governments in South Asia have initiated reforms and streamlining measures, including computerized customs clearance, these have been only partially implemented. This is reflected in the time taken to export and import, with the average time taken to trade with South Asian countries exceeding the time taken to trade with ASEAN countries by over nine days.

The importance of improving trade facilitation has been endorsed in many studies, with simulations showing large gains for the region. According to the World Bank (2008), intra-regional trade within South Asia would rise by almost 60 per cent, and trade with the rest of the world by more than 30 per cent, if projected levels of trade efficiency were attained (see Table 1).

³ World Bank. (2008).

⁴ World Economic Forum. <http://www.weforum.org/issues/global-competitiveness>

Table 1: Trade gains from improved trade facilitation (USD millions)

	Port efficiency	Customs environment	Regulatory environment	Service Sector infrastructure	Total gains
Intra-regional	712	429	278	1,224	2,644
Inter-regional	8,421	3,881	3,809	15,452	27,560

Source: Wilson and Otsuki (2004); World Bank (2008).

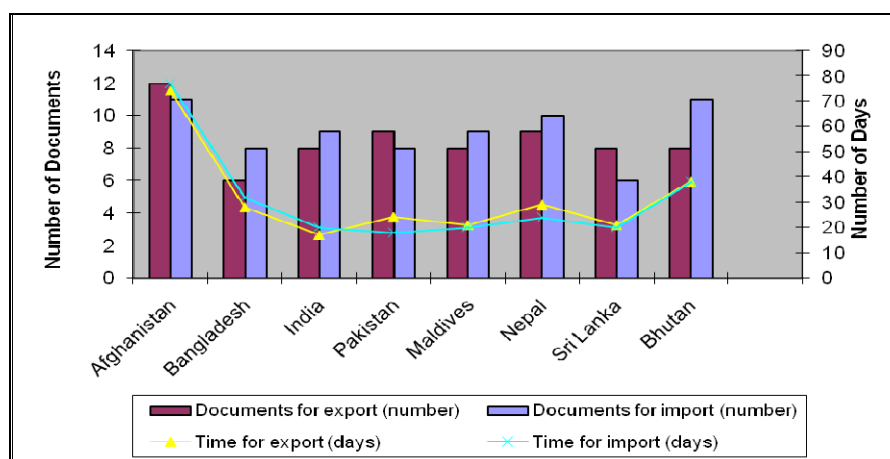
Compared with other countries in the South Asia region, Sri Lanka performs relatively well in terms of the number of documents and the number of days required for import/export processes, as shown in Table 2 and illustrated in Figure 1.

Table 2: Number of documents and time for export/import processes in Sri Lanka

Indicator	Sri Lanka	South Asia	OECD Average
Documents for export (number)	8	8.5	4.3
Time to export (days)	21	32.4	10.5
Cost to export (USD per container)	715	1,364.10	1,089.70
Documents for import (number)	6	9	4.9
Time to import (days)	20	32.2	11
Cost to import (USD per container)	745	1,509.10	1,145.90

Source: World Bank (2010a)

Figure 1: Performance in trading across borders measures by South Asian countries



Source: World Bank (2010a)

The Logistics Performance Index (LPI), which calculates a country's performance in six key dimensions (see Table 3), shows that Sri Lanka needs to improve in all six areas, however, particularly in trade and transport related infrastructure and the clearance process.

Table 3: Logistics Performance Index 2010

	Sri Lanka		South Asia	
			score	difference
Overall LPI	score	2.29	2.49	-0.2
	rank	137		
Customs	score	1.96	2.22	-0.26
	rank	143		
Infrastructure	score	1.88	2.13	-0.25
	rank	138		
International shipments	score	2.48	2.61	-0.12
	rank	117		
Logistics competence	score	2.09	2.33	-0.24
	rank	142		
Tracking & tracing	score	2.23	2.53	-0.3
	rank	142		
Timeliness	score	2.98	3.04	-0.06
	rank	125		

Note: 1 - very low performance. 5 - very high performance.

Source: World Bank (2010b)

With the 30-year-long armed conflict in the country now at an end, Sri Lanka now strives to become a leading financial and commercial hub. Having the geographic potential to be one, the country now needs to develop its infrastructure and facilitate trade to reach international standards and match the growing competition from the wider region.

2. Export and import processes in Sri Lanka

This section outlines the general documentation requirements and the necessary procedures to be followed when exporting and importing goods in Sri Lanka.

Import and export processes in Sri Lanka vary depending on whether a company is BOI approved or non-BOI. The process for BOI approved companies was introduced with the intention of speeding up licensing and customs requirements, and to provide an incentive for new investments in the country. While BOI approved companies go through the BOI, the process for non-BOI companies, which is commonly known as the “normal process”, requires traders (non-BOI companies) to lodge their documentation through the Sri Lanka Customs Department.

2.1 Documentation requirements

The Customs Ordinance delineates all the rules, regulations and procedures related to the import/export process.

2.1.1 Documentation for exports

The documents necessary to prepare an Export Goods Declaration are as listed below.

- Customs Declaration (CUSDEC)

Sections 47 and 57 of the Customs Ordinance require every importer/exporter or the authorized agent to submit a Customs Declaration (CUSDEC) form⁵ to clear/dispatch cargo. All

⁵ A CUSDEC consists of the Main Declaration Form on which space is provided to declare one item and also of continuation sheets which can be used to extend the declaration.

CUSDECs have to be lodged by persons having the Customs House Agent (CHA) licence. This should be submitted in four copies with an additional copy each for bonded cargo and air freight cargo. These copies are the Warrant copy, Statistical copy, Security copy, Party copy, CBD copy and Air Cargo copy. When exporting liquor an Excise copy is needed and when exporting coconut products a Coconut Development Authority (CDA) copy should be attached. The CUSDEC must be submitted with the other documents mentioned above for processing.

- Licences and Permits (if required)
 - An Export Control Permit is required for the export of the following three items: Coral Chunks, Motor Vehicles and Timber.
 - An Export License and Permit is necessary when exporting the following items: Antiques, Aquatic Resources, Ayurvedic Drugs, Firearms, Plants and Animals and Tea.
- Shipping Note/Airway Bill
- Invoice
- Packing List and other supporting documents (as and when necessary)
 - Boat Note
 - Mate Note
 - EXP/3b (Cargo Dispatch Note)

Box 1: Goods declaration process at customs (for exports)

The sequence of steps involved in processing a goods declaration for export purposes is as follows:

- **Declaration at receiving counter (Face-Vet)**

All export goods declarations duly made on the CUSDEC and supported by the other required documents, such as licences and permits, shipping note and invoice should be given to the Face-Vet Officer at the Declaration Receiving Counter at the Export Office. On receipt of these documents, the Face-Vet Officer checks whether all the columns of the Declaration have been correctly filled-in and whether it has been signed by the declarer. He particularly checks whether the Tax Identification Number (TIN) and the declarer's registration number are given on the Declaration. Further, he checks whether all the supporting documents required have been filed with it. If the Declaration has been filled-in correctly in all respects, the officer passes it on to the Keying-in Officer. All incorrect entries are handed back to the Wharf Representative for amendment over the counter.

Keying-in

The Keying-in Officer inputs the data from the declaration into the computer. The code numbers indicated thereon should tally with those the computer is fed with. Otherwise, the declaration is quarried and sent to the quarry counter where the Wharf Representative amends it and returns it to the Keying-in Officer for processing. If the information given is acceptable, the computer registers the Declaration and generates the declaration number. Note: The keying-in step can be by-passed if the CUSDEC is electronically lodged via the Electronic Data Interchange (EDI). The computer also generates an assessment notice, which is signed by the Keying-in Officer and is filed with the Declaration for the purpose of payment. In the event that the CUSDEC is electronically-lodged, a copy of the Assessment Note can be obtained when the exporter goes to the customs in person.

Numbering

The Numbering Officer uses a machine to frank all the copies of the Declaration together with the attached documents, such as the Captain's copy of the Shipping Note/Boat Note, Invoice and Licence, with the same number generated by the computer, and sends it for payment or receiving of duty etc. Cash declarations are sent to the Shroff while current account declarations are sent to the Ledger section for debiting the current account.

Payment/securing of levies*Shroff:*

This officer receives the payments for cash declarations and issues a receipt. She or he notes the amounts paid in a register the passes the Declaration on to the Accounts Updating Officer.

Ledger Officer:

This officer handles the requisition declaration. She or he enters the amounts payable in the ledger of the particular account holder, signs the Declaration on the stamp and submits it with the register to the OIC ledger for authenticating the securing of duty etc. She or he checks the correctness of the declarations made in the Ledger and places a signature on the stamp on the Declaration.

Accounts updating (for cash declarations)

The Accounts Updating Officer inputs into the computer the amounts paid on each cash declaration and this is compared with the amounts on the assessment notice. If in order, the computer accepts it and updates the accounts by registering it. If there is an error in the payment, the computer rejects the Declaration. In such cases, it has to be referred back to the Shroff. When the error is rectified, the computer updates the account and generates a number. The Account Updating Officer enters this number on the Declaration and signs it. The Declaration is thereafter passed on to the Cash/Daily Revenue Abstract Officer.

Preparation of cash sheet and daily revenue abstract (for cash declarations)

The Cash Sheet/Daily Revenue Abstract Officer adds the accounts updating number to the cash sheet for the preparation of the Daily Revenue Abstract and sends the declaration to the Sub-Collector Channel Selection.

Channel selection (Green and Red)

All the declarations go through the Sub-Collector Channel Selection. Where further scrutiny is necessary and/or examination is required, this officer puts the declarations in the red channel. All other declarations (yellow and green channels) are warranted by the officer and sent to the delivery counter.

Grading for type of examination

The Chief Export Officer decides the type of examination required to be done on cargo placed in the red channel. If this officer is of the opinion that no examination is necessary, she or he exempts the cargo from examination.

The sequence of the above Declaration Flow is changed for traditional cargo such as tea, coconut and rubber by permitting exporters (or Wharf Representatives) to present their goods declarations to the Chief Export Officer first. This officer determines the type of examination to enable them to prepare themselves in advance for outside examinations, if any. Such declarations are handed over to Face-Vet Officer only after they have gone through the Chief Export Officer first.

Warranting

The Sub-Collector (Warranting) goes through the Declaration, and if she/he is satisfied that it is correct in all respects, she/he signs it for warranting and sends it to the Chief Export Officer.

Delivery counter

This counter is occupied by two Assistant Superintendents of Customs. On receipt of the declarations that are processed in the branch, these officers enter them in a register. The Warrant copies and the Statistical copies are retained, and the other copies (Party copy, Security copy, CBD copy and Air cargo copy) are given to the exporter or representative, under acknowledgment. The Statistical copies are handed over to the Statistical Branch, while the Warrant copies are filed for record in the Export Division.

Source: Sri Lanka Customs.

2.1.2. Documentation for imports

The documents that have to be presented for the import of goods are as follows:

- CUSDEC form

Up to seven copies have to be submitted: Warrant copy, Delivery copy, Statistical copy, Exchange copy, Consignee's copy, R.M.V. copy (for motor vehicles) and excise copy (if required).

- Commercial Invoice
- Delivery Order (DO)
- Bill of Lading (B/L)
- Exchange Documents
- Packing List

Apart from these documents, depending on the good that is being imported, other documents are required, such as the Certificate of Origin (CO), Import Control Licence, Certificate of Registration and Translation (for used motor vehicles), Load Port Survey Certificate (for food items, SLSI/Quarantine Certificate, and Catalogues/literature.

CUSDECs can be lodged manually or electronically. If the CUSDEC is lodged manually, the Customs or the BOI (depending on the system used), will key the information into the Automated System for Customs Data (ASYCUDA), which generates a unique number. The Customs Department charges around USD 2.5 as documentation fee and the BOI charges approximately USD 3.95.

If the CUSDEC is lodged electronically, using the Electronic Data Interchange (EDI) facility, consignees enter the data into the ASYCUDA system themselves. After the CUSDEC is reviewed and assessed for duties and taxes, a CUSDEC number is assigned and sent to the consignee electronically. An additional fee of USD 2.5 is paid to the EDI service provider for each CUSDEC lodged.⁶ Even when the CUSDEC is lodged electronically, the consignee must present a hard copy of the CUSDEC, together with the other relevant documents, to the Customs Department or the BOI in order to proceed with the remaining steps of the import/export process.

⁶ One CUSDEC has to be lodged for each invoice.

Customs clearance in Sri Lanka has three channels (Wijayasiri and Jayaratne, 2009). The Green Channel operates for low risk declarations, where goods are released without calling for documents and cargo examination. Gold Card Holders are also processed through the Green Channel. The Gold Card programme was initiated to provide an incentive for compliance with customs regulations and is a fast track procedure. There are currently about 100 Gold Card Holders in Sri Lanka. Although under the Green Channel goods should ideally be released without any examination, in practice all cargo is randomly checked. Under the Yellow Channel, medium risk consignments are cleared upon examining the required documents, but without cargo examination, except random checks. High risk declarations are processed through the Red Channel following the examination of both documents and cargo.

Stakeholder interviews revealed that an import consignment can be cleared within a day, with some consignments taking up to 2 days, while an export consignment can be processed in a day on average, if all the paper work is in order.⁷

According to Wijaysiri and Jayaratne (2009), as well as the Customs Department, BOI and the Sri Lanka Port Authority, there are over 30 agencies involved in the export/import process in Sri Lanka. These agencies include the Sri Lanka Standards Institution (for the Quality Certificate); Ceylon Chamber of Commerce / Department of Commerce (Certificate of Origin); Department of Animal Production and Health (Health Certificate); Ministry of Finance; Inland Revenue Department; Excise Department (licence for items under Excise Ordinance); Ministry of Defence (licence for firearms); Ministry of Fisheries and Aquatic Resources (Permit for restricted list of species); Wildlife Department (Permit for coral chanks); Forest Department (Permit for timber); Department of Registration of Motor Vehicles (RMV Certificate and Permit from Registrar of Motor Vehicles); Plant Quarantine Department (Phytosanitary and Fumigation Certificates); Telecommunications Regulatory Commission; Cosmetics, Devices and Drugs Regulatory Authority (CDDA); Sri Lanka Ceylon Tea Board (Permit for tea exports); Coconut Development Board; Import and Export Control Department; Criminal Investigation Division (CID); and the Archaeological Department (Certificates for antiques and export of wooden furniture).

Depending on the good that is being traded, it is sometimes necessary to visit several of the agencies to obtain the necessary permits, licences, certificates, etc., before a CUSDEC can be lodged. Not surprisingly, this requires considerable time and cost, especially because some of the offices issue permits and certificates only on certain days of the week. With the exception of the Blend Sheet (which is submitted to the Ceylon Tea Board), none of the above listed certificates/permits/licences can be obtained or processed electronically as the Ceylon Tea Board is the only agency linked to the EDI system.⁸ The Ceylon Tea Board allows tea exporters to submit online Blend Sheets and purchase statements, together with the CUSDECs, and obtain an online approval from the Board, thereby eliminating the need for tea exporters to visit the Board in person to process the required documents.

⁷ The number of days may differ based on the type of cargo (LCL or FCL) and the mode of transport (sea or air freight).

⁸ If the traders use a freight forwarder or a CHA, the agents would visit all the relevant agencies and get the relevant documentation.

3. Method

This section describes the products that have been chosen for the study and specifies the method adopted in the study.

3.1 Products and countries

In order to get a deeper understanding of the trade processes, to identify administrative and procedural barriers that traders face, to identify where bottlenecks occur and to propose solutions, this study analyses the import and export processes of four products. This study examines the process of exporting tea to Japan and rubber tyres to India, and the process of importing textiles from India and motor vehicles from Japan. Table 4 provides a summary of the four products and the trading partners.

Table 4: Selected products and countries

Process analysis	Region	Country	Product
Export	In South Asia	India	Rubber tyres
	Outside South Asia	Japan	Tea
Import	In South Asia	India	Textiles
	Outside South Asia	Japan	Motor Vehicles (used)

Although United States of America (USA) and the European Union (EU) are Sri Lanka's main export markets, the research focuses on intra-regional trade procedures. India is Sri Lanka's largest trading partner, with 17.8 per cent of total imports coming from India in 2009, and India is the sixth largest export market of the country. India was selected as both an import and export destination for the analysis given its importance as a trading partner.

Japan is Sri Lanka's most important export market in the Asia-Pacific region after India, so was chosen as the other export destination. Overall, Japan ranks tenth in Sri Lanka's export market list.⁹

Textiles and garments

The garments industry plays an important role in the Sri Lankan economy. Exports of garments account for 46 per cent of total exports, and garment exports make up 59 per cent of industrial exports. Furthermore, the garments sector is the country's largest foreign exchange earner.¹⁰ Given that Sri Lanka caters to niche markets, such as lingerie and sportswear, which require short delivery cycles, and with the industry having to be competitive in terms of price, which is even more important with the loss of the Generalized System of Preferences Plus (GSP+) concessions from 2010, trade facilitation measures have become essential for the garment industry. Maintaining competitiveness is important given the social implications as well: the garments sector provides direct employment to 280,000 people and indirect employment to an estimated one million people.

The import of textiles is important for garment production in Sri Lanka. In 2009, the second highest import was textiles after petroleum imports, accounting for 14.1 per cent of total imports (USD 1,442 million). Within the South Asia region, most imports of textiles are

⁹ The export markets that come before Japan are USA, United Kingdom, Italy, India, Belgium, Germany, United Arab Emirates, Russia and France.

¹⁰ Central Bank of Sri Lanka (2009).

from India, amounting to over 13 billion Sri Lankan Rupees (LKR). Studying the process of importing textiles is therefore very important.

The garments and textiles industry has a powerful industry organization in the form of the Joint Apparel Association Forum. It is the umbrella association of all Textile and Apparel Associations and is one of the most active and vociferous trade associations in the country. The Association has launched a number of successful campaigns, including the “Garments without Guilt” campaign, and has successfully lobbied for the development of the garments sector.

Motor vehicles

Motor vehicles are one of the highest value imports and this sector is important in terms of its impact on key macroeconomic fundamentals such as the Balance of Payments and government revenue. The sector is heavily regulated and subject to ad-hoc changes in import regulations. In June 2010, the government halved the effective tax rate on car imports, resulting in the number of car imports soaring, with over 10,000 cars being imported in the first quarter following the slash of duties. Table 5 provides the numbers of used vehicles imported each month between January and November 2010, while Table 6 provides the number of new vehicles imported each month over the same period.

Table 5: Used vehicle imports, Jan-Nov 2010

Month	USED VEHICLES									
	CARS	VANS	TRUCKS	JEEPS	CABS	BUSES	TRACTORS	H/TRACTORS	M/BICYCLES	OTHERS
JAN	56	6	331	13	23	18	5	129	11	42
FEB	110	8	268		54	8	50	228	5	58
MAR	119	11	307	4	41	12	24	197	258	230
APR	112	11	473	1	22	34	8	277	176	111
MAY	145	15	433	1	31	38	37	112	370	138
JUN	526	74	530	12	22	17	45	160	319	49
JUL	1,648	276	602	87	41	52	26	363	359	189
AUG	2,760	353	305	139	16	86	23	86	1305	119
SEP	3,115	320	172	84	22	8	7	301	118	216
OCT	3,139	358	311	90	37	15	167	193	422	310
NOV	2,998	406	294	122	33	11	8	81	245	239
TOTAL	14,728	1,838	4,026	553	342	299	400	2,127	3,588	1,701

Source: Sri Lanka Customs Department.

Table 6: Brand new vehicle imports, Jan-Nov 2010

Month	BRAND NEW VEHICLES										
	CARS	VANS	TRUCKS	JEEPS	CABS	BUSES	TRACTORS	H/TRACTORS	M/BICYCLES	TRISHAWS	OTHERS
JAN	149	2	565	9	53	141	502	93	8362	4050	473
FEB	105	4	463	6	57	69	937	178	10707	5061	1,907
MAR	131	5	1,061	10	68	128	790	399	17806	6036	148
APR	176	1	565	14	154	177	885	659	19164	6299	53
MAY	201	4	767	18	40	147	290	239	12896	5029	1,317
JUN	171	11	1,028	13	63	184	463	259	15011	6900	122
JUL	638	16	975	38	105	234	1001	1,532	22,012	8,234	355
AUG	1,085	14	966	8	134	229	430	292	13919	7528	240
SEP	1,521	16	768	78	80	166	834	2,200	22,558	7,775	1,644
OCT	2,574	30	923	32	141	343	602	1,182	20,659	6,514	2,051
NOV	1,594	36	1,177	57	120	263	1,027	866	15,761	7,574	541
TOTAL	8,345	139	9,258	283	1,015	2,081	7,761	7,899	178,855	71,000	8,851

Source: Sri Lanka Customs Department.

Given the large scale of the market, it is useful to study the impediments faced in importing motor vehicles. Outside the South Asia sub-region, the main source of motor vehicles is Japan. Sri Lanka imports over 11 billion LKR worth of motor vehicles (31 per cent of total motor vehicle imports – HS 8703 and 8704) from Japan. This study focuses on the import of reconditioned (used) cars from Japan. Sri Lanka Customs Department figures show that 14,728 reconditioned cars were imported in the January-November period in 2010, as against 8,345 brand new cars (see Tables 5 and 6).

Tea

Tea is the main agriculture export in Sri Lanka, earning USD 1,185 million in 2009. Its contribution to the export earnings of Sri Lanka is substantial: 16.73 per cent (and makes up 23.52 per cent of total agricultural export income). It is also an important foreign exchange earner of the country. Ceylon tea is widely known to be one of the best in the world. Of all tea exports, 50 per cent are in the form of bulk tea, while 28 per cent are exported as tea packets, 15 per cent as tea bags, 1 per cent as instant tea and 6 per cent as other forms. See Table 7.

Table 7: Tea - Share of exports, 2005-2009

Products	2005	2006	2007	2008	2009
Agricultural Products	18.00	18.64	19.58	22.59	23.52
Tea	12.77	12.80	13.42	15.68	16.73
Tea Packets	3.57	3.21	3.33	4.31	4.62
Tea Bags	1.82	1.84	1.91	2.16	2.59
Tea in bulk	6.13	6.38	6.66	7.59	8.3
Others	1.25	1.37	1.51	1.62	1.22

Source: Export Development Board (2010).

Japan is an important market of tea for Sri Lanka, with the country being one of the largest tea consumers in the world.¹¹ Japan is the largest market for Sri Lankan tea in the Asia-Pacific region and is the seventh largest importer of Sri Lankan tea worldwide. In 2008, of all tea imports into Japan, 13 per cent was black tea (18,000 million kilograms) and Sri Lanka dominates the black tea market in Japan, supplying about 60-65 per cent of the total black tea imports. About 90 per cent of total tea exports to Japan from Sri Lanka is in the form of tea in bulk¹² due to the "Ready To Drink" (RTD) form being a popular version of tea in Japan.¹³

Given that tea exports require conformity to various standards and that Japan is a significant export market for Sri Lankan tea, it is important to examine the time it takes to export this product.

Rubber tyres

Rubber products are an important industrial export product of Sri Lanka, with exports of rubber products amounting to USD 384.76 million in 2009. Sri Lanka's tyre and tube exports grew from USD 161.41 million in 2004 to USD 214.27 million in 2009. As shown in Table 8, Sri Lanka's exports of tyres and tubes to India also accelerated in recent years. In 2006 exports had a particularly significant growth, rising over 55 per cent, from negative growth in the previous year. Exports of tyres and tubes were USD 6.19 million in 2006, and positive growth has been maintained since then. India is the sixth largest importer of Sri Lankan tyres and tubes.

Table 8: Sri Lanka's tyre and tube exports to India and the World, 2000-2009

	2005	2006	2007	2008	2009
India (in USD millions)	3.99	6.19	9.45	9.99	6.78
Export Growth to India (%)	-18.07	55.14	52.67	5.71	-32
Total World (in USD millions)	258.91	293.69	310.33	338.09	214.27
Export Growth to World (%)	60.41	13.43	5.67	8.95	-36
Exports to India as a % of Total World Exports	1.54	2.11	3.05	2.95	3.15
Rank of India in Total World Exports	14	11	7	7	6

Source: Export Development Board (2010)

India holds the largest market share of Sri Lanka's exports of New Pneumatic Tyres of Rubber, the kind used for buses and lorries (HS Code 401120). India recorded a share of 79 per cent of the market share in 2007 and 88 per cent in 2008. The value of Sri Lanka's exports of New Pneumatic Tyres of Rubber to India increased from LKR 613.49 million in 2006 to LKR 1,021.56 million in 2008, a growth of 67 per cent. Due to the severe crisis in the industrial and automobile sectors in North America and Europe, a result of the recent economic downturn, Sri Lanka's earnings from exports of rubber products, largely tyres and tubes, recorded negative growth between November 2008 and April 2009. There has been a gradual increase since then.

¹¹ 30 per cent of Japan's entire beverage market is tea. Of this, 5 per cent is Oolong tea, 6 per cent black tea and 13 per cent green tea (2008 data from the Tea Board, Sri Lanka).

¹² Tea in bulk refers to a pack of tea that weighs over 3 kg.

¹³ The extractions from bulk tea are carried out in Japan.

Table 9: Sri Lanka's exports of New Pneumatic Tyres of Rubber (HS Code 401120), 2006-2009

	2006	2007	2008	2009
To India (in LKR millions)	613.49	981.55	1,021.56	744.62
To the World (in LKR millions)	702.57	1,241.42	1,153.43	1400.39
Exports to India as a % of World Exports	87.32	79.07	88.6	53.17
Total Tyre and Tube Exports to India (in LKR millions)	644.00	1,045.05	1,081.18	778.83
Exports of HS 401120 to India as a % of Total Tyre and Tube Exports to India	95.26	93.92	96.3	95.61

Source: Sri Lanka Customs Department

3.2 Typical transactions of export processes

3.2.1 Tea

For tea exports the “typical transaction” considered for this study is the export of black tea in bulk form to Japan in a 40-foot container by sea. This categorization reflects the common export transactions of tea from Sri Lanka (as explained previously). The container size was selected in accordance with transactions common to the companies that were interviewed in this study.¹⁴

The companies whose export processes (of tea) were analyzed in this study, are Company X, representing the large-scale companies in the country, and Company Y, representing the SME sector. Company X is a Dutch-owned company belonging to a larger group of companies. Its main export markets include Australia, Canada, Germany, Iran, Japan, Russia, Syria, Turkey and the USA. It is a non-BOI company whose exports are mainly in the form of bulk tea (about 95 per cent of total exports). Similarly, about 85 per cent of its total exports to Japan are bulk tea. The frequency of Company X's tea exports to Japan is once a week. On average, one 40-foot container is exported every week to Japan.

Company Y is a medium-scale company in the tea industry in Sri Lanka. Formed 20 years ago, it exports to 35 countries and also reaches overseas clientele via subsidiaries in China, the Czech Republic, Germany, Iraq, Japan, Libya, Russia and Ukraine. The company supplies both the local and international markets, with two to three shipments of tea sent to Japan every week, on average.

While Company X uses mostly 40-foot containers for its exports to Japan, Company Y uses both 20- and 40-footers. About 99 per cent of total exports by both companies are transported by sea, with only small quantities sent by air freight to retailers. Hence, in this study the costs are estimated for a consignment of tea exported in a 40-foot container via sea freight. Both companies have their factories/warehouses on the outskirts of Colombo.

3.2.2 Rubber tyres

As noted previously, this study focuses on the export of new pneumatic rubber tyres to India. Company A in the study is one of the largest tyre manufacturers in Sri Lanka and dominates the country's domestic market, with its market share in the truck and light truck

¹⁴ According to the Tea Board few SMEs use 40-foot containers; the most common containers among SMEs are 20-footers.

sector being over 60 per cent. It employs over 800 employees and its export markets include Dubai, India, Nigeria, Pakistan and the Philippines. Company A, a joint venture, exports the majority (about 55-60 per cent) of its total exports to India. The frequency of exports to India ranges from 20 to 25 containers per month, on average. The most common type of shipment to India is in a 40-foot container. The export process was studied from Company A's factory in the outskirts of Colombo to the point of shipment in the Colombo Port. The other company used in the study, Company B, is another large scale tyre manufacturer (also a joint venture) in Sri Lanka, manufacturing solid and pneumatic tyres, and wheels and tracks. Like Company A, Company B exports to many countries, including Dubai, India, Nigeria, Pakistan and the Philippines. The study examined the process of exporting a 40-foot container of new pneumatic rubber tyres by sea.

3.2.3 Textiles

A "typical transaction" in the import of textiles is the bulk purchase of fabric from India in a 20-foot container¹⁵ by sea. The study examined the processes of both a BOI-approved company and a non-BOI company to identify any differences.

Company C, a BOI-approved company, is one of Sri Lanka's largest apparel exporters. It employs over 25,000 workers and is a supplier to some of the world's leading apparel brands including GAP, Marks & Spencer, Victoria's Secret and NEXT. India is a key import market for this company. Company C imports between 13 and 15 consignments of fabric per week from the Indian Ports of Visakhapatnam, Navashiva, Chennai and Tuticorin. While the buying is largely determined by buyers nomination, currently between 8 and 10 per cent of the total fabric imports by Company C are from India. Company D is a non-BOI company that produces socks and tights and imports yarn from India from ports such as Chennai, Navashiva and Tuticorin.

3.2.4 Reconditioned vehicles

For the import of reconditioned (used) vehicles, a "typical transaction" would be the import of a single reconditioned car in a Roll-On Roll-Off ship (Ro-Ro ship).¹⁶ Reconditioned vehicles are most commonly transported by these car carrier ships whereas new cars are transported in containers.

In order to examine any differences, the study examined both a large company and a medium-sized company. Company J is one of the largest reconditioned car importers in Sri Lanka, importing vehicles from countries such as China, Thailand, Singapore and Japan - from which they import the highest number of reconditioned vehicles. In recent months, Company J only imported a small number of vehicles but there have been certain months in which Company J imported around 400 vehicles. ASOL Traders is a medium-sized car importer that imports from Singapore and Japan, among other countries.

3.3 Mapping of processes

The relevant procedures and processes of exporting/importing a typical transaction (as described above) for the products tea, rubber tyres, textiles and motor vehicles were mapped

¹⁵ A 20-foot container would carry an average of between 18,000 and 30,000 yards of cotton.

¹⁶ A cargo ship that is designed to carry wheeled and tracked vehicles.

using the Business Process Analysis (BPA) method, as outlined in the Business Process Analysis Guide to Simplify Trade Procedures.¹⁷ This method enables one to trace a detailed breakdown of the import/export processes in terms of steps, players involved, documentation requirements, time, etc.

The mapping was carried out based on face-to-face interviews (and follow-up calls) carried out with the staff of eight selected companies and their clearing and forwarding agents. The costs related to the import/export of goods and the time taken to trade is estimated based on the responses of these companies. Apart from interviews with companies and agents, interviews were also carried out with relevant government agencies such as the Customs Department and the Tea Board.

4. Business process analysis

This section summarizes the findings of the BPA conducted of the process of exporting tea (to Japan) and tyres (to India) and the process of importing vehicles (from Japan) and textiles (from India).

4.1 Export of tea from Sri Lanka to Japan

1. Buy

The interviewed tea exporters identified two main types of clients.

- Regular clients

These clients ask for tea for a particular price and ask the exporters to buy tea from the auction based on that price. Although not mandatory, sometimes the tea exporter sends samples of tea two weeks before the auction with a price indication. The clients evaluate the samples and offer bids. If the price is below the bid price, the exporter buys the tea for their client.

- Other clients

For these clients, the exporter sends tea samples and a general quotation of price on a weekly basis.

The order is placed if the payment terms are acceptable to both parties. Then the Proforma Invoice or the Sales Contract is sent by the exporter to the buyer (by fax or email). The buyer countersigns and returns it (via email). The shipment is prepared after this initial process of reaching an agreement.

2. Obtain export permit

Up to 10 kilograms (kg) of tea can be sent out of Sri Lanka, as a sample, without lodging a CUSDEC or acquiring a Tea Export Permit. All other tea exports need an Export Permit from the Tea Board. In order to do this, the exporters need to first send a Blend Sheet to the Tea Board (electronically). A Blend Sheet is a list of all the teas that constitute a specific shipment and the document contains details such as date of sale, lot number, broker's code, invoice number, garden number, grade, weight, price and value. The system automatically generates a lodgement number almost immediately.

¹⁷ UNNExT, UNESCAP, UNECE (2009).

Once this is received, the exporter prepares the CUSDEC, which includes the lodgement number of the Blend Sheet application and submits the CUSDEC to the Tea Board (electronically). The Tea Board then checks and compares the Blend Sheet and the CUSDEC and informs the exporter (electronically) whether the consignment has been selected for random sampling or not. After that, the Tea Board sends the CUSDEC to the Customs Department (electronically) with the Export Permit for the consignment of tea.

In the event a consignment is selected for random sampling, a Tea Board sampling officer will visit the warehouse to take a sample and send it to the Tea Board laboratory for testing. In the CUSDEC there is a space to specify when and where the sampling can be carried out, if selected for sampling. The tea company then calls the Tea Board to find out if the testing has been completed. When it is, the tea exporter takes the CUSDEC and gets a “shipment authorized” seal from the Tea Board, which allows them to continue with the shipment. This sampling/testing process can be completed in about 24 hours. A sampling officer usually comes the day after the request is made and the approval can be acquired the same evening.

3. Obtain cargo insurance

Whether a Marine Insurance Policy is obtained by the exporter or importer depends on the buyer’s requirements. Based on the invoice value, the tea exporter gets the insurance shipment by shipment basis. The amount is usually around 110 per cent of the invoice value. Therefore, a copy of the invoice has to be presented as a supporting document to the insurance company when applying for insurance cover. The insurance company then prepares the insurance policy and the hard copy of the insurance policy is sent to the exporter; the invoice number serves as the identification number of the shipment. The policy is later sent with the other documents to the buyer. The insurance premium depends on the agreement and the insurance cover can be obtained in about two hours. This is a manual process.

4. Transport

The companies interviewed follow various methods to make reservations of cargo space. One exporter makes the initial reservation verbally, followed by a formal booking request. The shipping line then issues a Shipping Note and a Release Order (RO).¹⁸ The exporter sends the Shipping Note along with the RO to the inland transport agent to collect the container from the yard. The RO is usually faxed. Then the agent collects the container from yard and brings it to the warehouse after which loading is carried out. Since the RO has the customs entry number, no other approval is needed to transport the container from the yard to the warehouse/factory and then to the port. Some companies opt to use an intra-system in making its shipping line bookings.

5. Lodging the CUSDEC online

When the CUSDEC is sent to the Customs Department by the Tea Board, the necessary payments (cess LKR 4 per kg, medical cess of LKR 0.35 and assessment charge of LKR 250, which is about USD 2.5) are taken from the current account that the companies have with the Customs Department. Then an entry paid message is sent to the company electronically via email with the customs declaration number. It is only after the payment process is completed that a printout of the CUSDEC can be obtained. After a printout with the customs declaration

¹⁸ The Release Order is for the release of the container from the yard.

sequence number is made, the necessary number of copies are made (four copies: Warrant copy, Statistical copy, Security copy and the Party copy).

6. Clear goods through customs

The exporter then takes the CUSDEC Invoice (two copies), the Shipping Note and the Packing List (optional) to the Customs Department (manually) to get it processed. The Customs Department retrieves the declaration information and makes a printout of the Assessment Note, which has a summary of the consignment details, including the payments made. The exporter then proceeds to the Ledger Officer with the Assessment Note and gets the payment amount deducted manually from the Custom Department's records. After deducting the amount and checking the documents, the Ledger Officer and the OIC sign the documents. They place the Tea Board "Approval Granted" seal or "Selected for Sampling Seal" on the documents (based on the Tea Board decision taken earlier). A final signature is placed by the Superintendent of Customs on behalf of the DGC. At this point, customs decides whether the consignment is chosen for a panel examination or not, and approves the CUSDEC.¹⁹

If selected for panel examination, a request has to be made to customs to hold a panel examination indicating the time and date of the shipment. The amount that needs to be paid to customs differs depending on the distance to the warehouse. An officer is appointed by customs and visits the exporter's warehouse and conducts the panel examination. After the panel examination is conducted, the examiner seals the container and the seal cannot be broken until it reaches the port. According to the interviewed companies, the cost for a panel examination is around LKR 2,000 for a 40 foot container. Apart from this payment, the exporter has to bear the cost of providing the officer with transport to the warehouse and back. The examination is usually carried out the same day a request is made.

7. Transport to the port of departure and clearance

Before the container reaches the port, the Sri Lanka Ports Authority (SLPA) charges have to be paid by filling an SLPA payment form. The Sri Lanka Ports Authority calculates the charges based on the Shipping Note. The exporter (or agent) presents the Shipping Note, the Cargo Dispatch Note (CDN) and a copy of the CUSDEC as supporting documents.

When the container reaches the port, the documents that need to be presented are the Cargo Dispatch Note (about six copies), Shipping Note, Commercial Invoice and the security copy of the CUSDEC. The security/ navy checkpoint at the first gate opens the container and checks it, then seals it in the presence of the exporter (or representative). The container then goes through the Passing Office/export office run by the Sri Lanka Customs Department. They check the seals, the CUSDEC, whether sampling has been carried out, the payments made and the Boat Note for the last time. When the Boat Note has been approved, the container is taken for loading. The Cargo Dispatch Note has is handed over at this point. Security and other checks take an average time of between 30 minutes and three hours depending on the number of export consignments coming in on a particular day.

¹⁹ A panel examination checks for foreign matter in the tea.

8. Prepare the documents required by the importer

- Fumigation Certificate

This certificate is needed to ensure that the wooden pallets that are used for shipping tea are properly fumigated. This is required only if the pallets used are wooden and not plastic. For the tea exporting companies that must submit this certificate, the fumigation is carried out in-house.

- Phytosanitary Certificate

This certificate is required when exporting tea to most countries. For this, the exporter must submit an application to the Department of Agriculture, which is situated within the sea port in Colombo. The application form can be acquired from the department and can be copied. The application can also be submitted in electronic form on a pen drive (USB key), from which they take a printout at the Department. A stamped Cargo Dispatch Note (CDM) has to be presented as a supporting document when applying for the Phytosanitary Certificate. The Certificate is issued after randomly checking warehouses for foreign matter in the tea. The exporter has to apply for it 48 hours prior to the shipment and the cost is about LKR 170.

- Country of Origin Certificate

The Country of Origin Certificate (COO) is obtained from the Chamber of Commerce or Department of Commerce by submitting an application form with the following supporting documents: a signed copy of the Bill of Lading, the Party copy of the CUSDEC and a copy of the Invoice. This can be acquired in 24 hours.

9. Pay

Before the payments are made, the exporter has to send the importer the Commercial Invoice, Packing List, Phytosanitary Certificate, GSP form (for bulk tea only), Bill of Lading, insurance policy and Certificate of Origin. Although there are several ways of making payments, such as Letter of Credit, Cash Against Goods, with Japan the most common form of payment is via Telegraphic Transfer (TT) based on trust. With TT, the payment is transferred directly to the exporter's account via the importer's bank.

The documents required for exporting tea to Japan and the agencies that need to be visited are summarized in Table 10.

Table 10: Documents involved in exporting tea and agencies to be visited

	Number	List
Documents required for export of tea	24	(1) Proforma Invoice, (2) Purchase Order, (3) Commercial Invoice, (4) Tea Export Permit, (5) Blend Sheet (6)Fumigation Request Form, (7) Fumigation Certificate, (8) Phytosanitary Request Form, (9) Phytosanitary Certificate, (10) GSP form, (11) Shipping Note, (12) Release Order, (13) Customs Declaration, (14) Bill of Lading, (15) Packing List, (16) Insurance, (17) Cargo Dispatch Note, (18) Certificate of Origin (19) Delivery Order, (20) Assessment Note, (21) SLPA Payment form, (22) SLPA Payment Receipt, (23) Gate Pass, (24) Panel Examination Request Form
Agencies that need to be visited	9	(1) Bank, (2) Tea Board, (3) Shipping Agent, (4) Insurance Company, (5) Sri Lanka Customs, (6) Sri Lanka Ports Authority, (7) Fumigation Company, (8) Department of Agriculture, (9) Department of Commerce or Ceylon Chamber of Commerce

Source: Interviews with companies.

Table 11 provides a breakdown of the various costs of exporting a tea consignment.

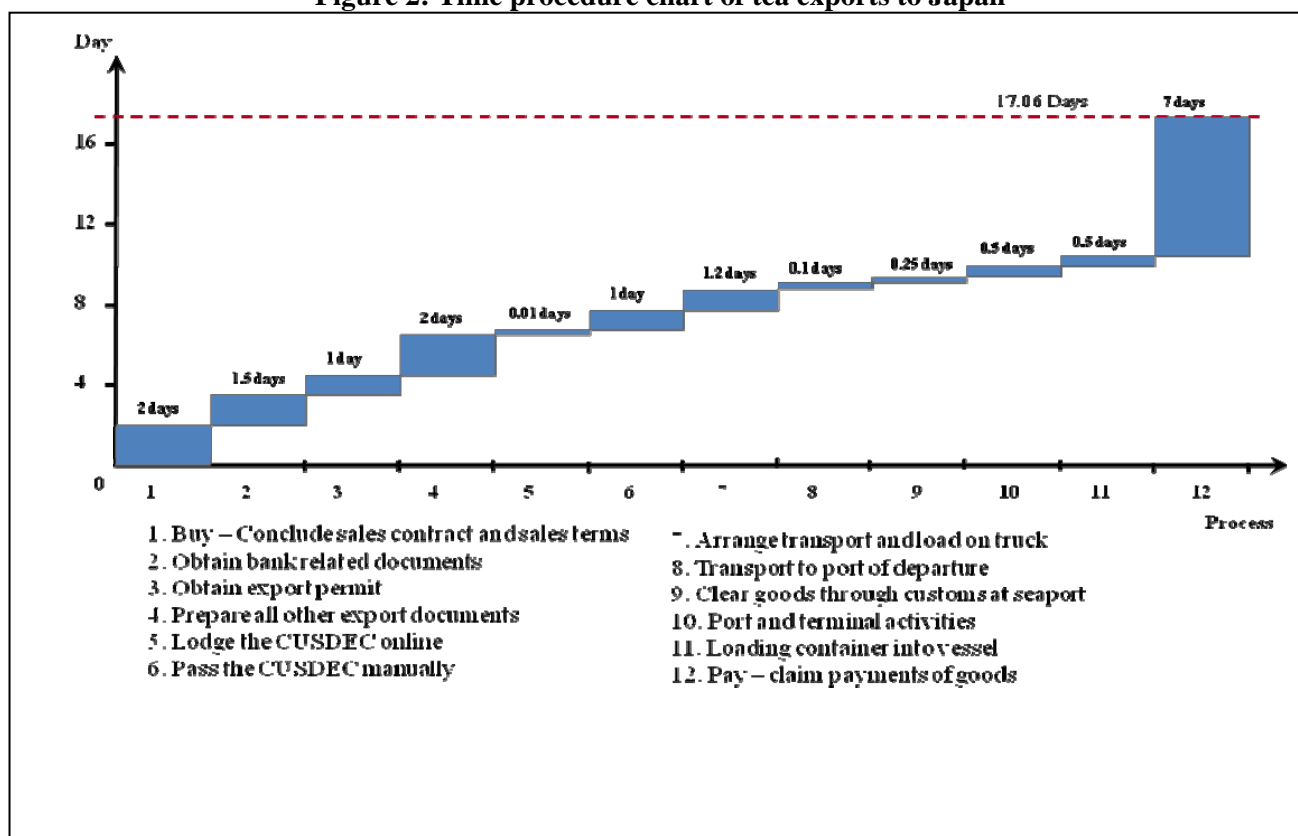
Table 11: Cost of exporting a tea consignment to Japan

	Avg. Cost in USD
Assembling and preparing documents	50
L/C Cost	25
Customs clearance	20
Ports and Terminal handling costs	245
Inland transportation and handling costs	95
Total	435

Source: Interviews with companies.

The time required for each step of the process of exporting tea to Japan is illustrated in Figure 2.

Figure 2: Time procedure chart of tea exports to Japan



1. Buy

In the case of a regular client, the exporter quotes prices and terms of trade to the buyer via e-mail. In the case of a new buyer, the exporter first sends the sales catalogue and product designs to the buyer, after which prices are quoted and a sample of the requested tyre is sent.

When the buyer has decided to make a purchase, a Purchase Order (PO) is sent by the buyer (importer) to the exporter via email. The exporter raises a Proforma Invoice (PI) against the PO. The buyer is required to send a signed copy of the PI (by fax or post) if the method of

payment is via telegraphic transfer. However, if the payment is made through Letter of Credit, this is not requested.²⁰

2. Obtain cargo insurance

Based on the invoice value, the tyre exporters apply for marine insurance by consignment. They apply for insurance by filling in an insurance declaration form. A hard copy of the insurance policy is sent to the exporter by the insurance company. The insurance cover can be obtained in about two hours.

3. Transport

The exporter makes the initial reservation verbally over the telephone, which is followed by a formal booking request. The Shipping Note and a Release Order (RO) are issued by the shipping line. The exporter sends the Shipping Note and the RO to the inland transport agent to collect the container from the yard. Then the agent collects the container from the yard and brings it to the warehouse after which loading is carried out.

4. Lodging the CUSDEC online

The CUSDEC is sent to customs by the exporter through the EDI, and the necessary payment (assessment charge of LKR 250) is deducted from the current account that the company has with the Customs Department. Then an entry paid message is sent to the company (via email), with the customs declaration number. A printout of the CUSDEC and copies are then made.

5. Clear goods through customs

The sequence of events is the same as explained under the process of exporting tea. The exporter takes to the Customs Department the hard copies of the CUSDEC and the other supporting documents, the CI, Shipping Note and the Packing List (optional). The Customs Department then retrieves the declaration information and makes a printout of the Assessment Note. The Ledger Officer, after examining the Assessment Note, deducts the payments made by the exporter manually from Custom's records, after which the exporter gets the document signed by the required officers at the Customs Department. At this point the Customs Department decides whether the consignment is chosen for a panel examination or not and approves the CUSDEC. The examination is usually carried out the same day a request is made.

6. Transport to the port of departure and clearance

The procedure is the same as for the export of tea. Before the container reaches the port, the Sri Lanka Ports Authority (SLPA) charges have to be paid by filling an SLPA payment form. When the container reaches the port, the documents that need to be presented are the Cargo Dispatch Note (about six copies), Shipping Note, Commercial Invoice and the security copy of the CUSDEC. The security/ navy checkpoint at the first gate opens the container and checks it, then seals it in the presence of the exporter (or representative). The container then goes through the Passing Office/export office run by the Sri Lanka Customs Department. They check the seals, the CUSDEC, whether sampling has been carried out, the payments made and the Boat Note for the last time. When the Boat Note has been approved, the container is taken for loading. The Cargo Dispatch Note has is handed over at this point.

²⁰ The mode of payment depends on the understanding/trust between the exporter and the importer.

7. Prepare documents required by importer

- Fumigation Certificate

For tyre exporting companies that are required to submit this certificate, the fumigation is carried out in-house by an authorized fumigation company. The fumigation company must be informed a day before the required day. The approximate cost of fumigation of one container is between LKR 2745 and LKR 3500.

- Country of Origin Certificate

The same procedure is followed as for exports of tea.

8. Pay

Before the payments are made, the exporter has to send to the importer the CI, Packing List, Fumigation Certificate, B/L, Insurance policy and the COO. For exports to India, the most common form of payment is through a Letter of Credit (L/C). Once the container reaches the importer's destination, the importer's bank makes the payment to the exporter's bank.

The documents required for exporting tyres to India and the agencies that need to be visited are summarized in Table 12.

Table 12: Documents involved in exporting rubber tyres and agencies involved in the process

	Number	List
Documents required for export of rubber tyres	19	(1) Proforma Invoice, (2)Purchase Order, (3) Commercial Invoice (4) Shipping Note (5) Release Order (6) Customs Declaration (7) Bill of Lading, (8)Packing List, (9) Insurance, (10) Cargo Dispatch Note, (11) Certificate of Origin, (12) Delivery Order, (13) Assessment Note, (14) SLPA Payment form, (15) SLPA Payment Receipt, (16) Gate Pass, (17) Panel Examination Request Form, (18) Fumigation Request Form, (19) Fumigation Certificate
Agencies that need to be visited	7	(1)Bank, (2) Shipping Agent, (3) Insurance Company, (4) Sri Lanka Customs, (5) Sri Lanka Ports Authority, (6) Fumigation Company, (7)Department of Commerce or Ceylon Chamber of Commerce

Table 13 provides a breakdown of the various costs of exporting a consignment of tyres to India.

Table 13: Cost of exporting rubber tyres to India

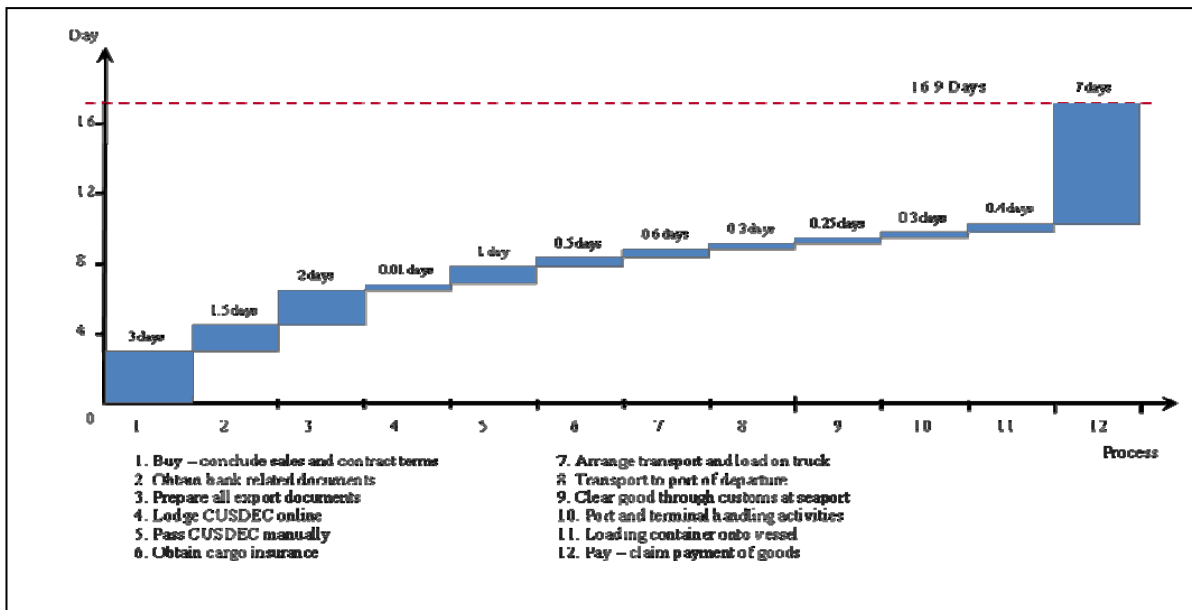
	Avg. cost in USD
Assembling and preparing documents	33
L/C Cost	25
Customs clearance	21
Ports and terminal handling costs	70
Inland transportation and handling costs	88
Total cost	237

Source: Interviews with companies.

The time required for each step of the process of exporting tyres to India is illustrated in Figure 3.²¹

²¹ Note: A "day" refers to a "working day" of 8 hours and all calculations are based on an 8-hour day.

Figure 3: Time procedure chart of tyre exports to India



4.3 Reconditioned car imports from Japan

1. Buy

The supplier sends the buyer stock lists with Cost, Insurance and Freight (CIF) prices and with details such as model, colour, options, year and month of first registration in Japan, via e-mail or sometimes the importer obtains the list online (through the supplier’s website). When the car importer has a potential buyer for a car listed on the stock list, the importer orders the vehicle. This is usually done via email or fax and sometimes over the phone. The car exporter in Japan then informs the importer in Sri Lanka of the possible date of shipment and sends a Proforma Invoice on which an L/C is opened by the importer. The exporter then prepares the vehicle/s to be exported.

2. Collect the documents required for importing vehicles

The documents that are required for importing a vehicle include the Commercial Invoice, the Original Cancellation of Registration Certificate, English translation of the Cancellation Certificate, Pre-shipment Inspection Certificate given by the Japan Auto Appraisal Institute (JAAI), Bill of Lading and the insurance policy (obtained from the exporter in Japan). The majority of these documents are sent by the exporter via the exporter’s bank to the importer’s bank as a requirement of the L/C.

A Declaration of Value Certificate is obtained from the local dealers of that vehicle. This gives the current market value of the vehicle and is used by the Customs Department to calculate the depreciation value and the relevant taxes. The importer also has to collect the Delivery Order (DO) from the local shipping agent.

3. Submitting the customs declaration and customs clearance

Importers of vehicles lodge the CUSDEC manually. They submit the completed CUSDEC form (hardcopy) with the following supporting documents: the Commercial Invoice,

Original Cancellation of Registration Certificate, English translation of the Cancellation Certificate, Pre-shipment Inspection Certificate (also called the JAAI Certificate since it is issued by the Japan Auto Appraisal Institute), Declaration of Value Certificate, Declaration of valuation of accessories, the Working Sheet, insurance policy and B/L. The Customs Department keys the information into the electronic system and issues a declaration number. The Assessment Note is then issued, after which the Customs Department verifies the documents and checks against the manifest. If the documentation is correct, the importer (or agent) makes the duty payments to the bank in person. The importer returns to the Customs Department with the receipt and gets the accounts updated. Then the channel is selected. Reconditioned vehicles always go through the yellow channel, while new vehicles go through the green channel or the fast track system.

4. Clearance at the ports and customs

The importer or agent goes to the SLPA and makes the SLPA payment. This is, on average, between LKR 2000 and LKR3000, depending on the size of the vehicle. To make the payment, one needs to provide the Delivery Order, B/L and the Cancellation of Registration Certificate as supporting documents. An SLPA Payment Receipt is provided in acknowledgement of the payment. The importer then requests inspection by an appraiser (at the customs office at the port) by providing the Declaration of Value Certificate and the Declaration of Value of Accessories Certificate. The appraiser then carries out the inspection.

The importer then presents the Delivery Order and the CUSDEC to the Passing Office, which verifies the documents and, if required, carries out an inspection. The SLPA verifies the payments and documents with the manifest and approves it. In the meantime, the agent requests a Gate Pass from the store keeper by providing a copy of the CUSDEC, DO and the B/L. Once the Gate Pass is issued and the documents are verified, they are taken to the Key Clerk. The keys of the vehicle are collected at this point. The Agent then proceeds to the yard security office, signs a tally report and goes to the yard. He gives the keys to the SLPA driver to bring the vehicle to the entrance of the SLPA, after which the importer's driver take the vehicle(s) to the importer's premises.²²

5. Payment

Following the confirmation of purchase and receipt of the PI, the importer opens an L/C. The L/C has to be opened on or before the shipment date. The importer needs to fill in an L/C application form, which is acquired from the bank. The importer submits the PI as a supporting document. The L/C is then opened. The exporter collects the L/C and prepares the documents that are required to be sent to the importer in order for the importer to clear the vehicle. These documents include the Commercial Invoice, Cancellation of Registration Certificate, Insurance Policy, Pre-shipment Inspection Certificate and B/L. These documents are handed over to the exporter's bank by the exporter. The bank verifies the documents and, if it meets the conditions in the L/C, forwards the documents to the importer's bank. The importer's bank verifies the forwarded documents and, if they meet the L/C conditions, transfers the payment from the importer's account to the exporter's bank. The importer then collects the documents from the bank and the exporter receives the payment.

²² Since not many cars are imported at once, drivers from the importing companies drive the vehicles to their premises with no other transport agent being involved in the process of bringing the vehicles from the port to the vehicle warehouses.

The documents required for importing vehicles from Japan and the agencies that need to be visited are summarized in Table 14.

Table 14: Documents and agencies involved in the process of importing vehicles from Japan

	Number	List
Documents required for importing vehicles	18	(1) Proforma Invoice, (2) Application for the L/C, (3) Letter of Credit, (4) Customs Declaration, (5) Commercial Invoice, (6) Original Cancellation of Registration Certificate, (7) English translation of the Cancellation Certificate, (8) Pre-shipment Inspection Certificate (JAAI Certificate), (9) Declaration of value by the agent, (10) Declaration of valuation of accessories, (11) Working Sheet, (12) Assessment Note, (13) Bill of Lading, (14) Insurance, (15) Delivery Order, (16) Gate Pass, (17) SLPA Payment Form, (18) SLPA Receipt
Agencies that need to be visited	5	(1) Local Vehicle Agent, (2) Bank, (3) Shipping Agent, (4) Sri Lanka Customs, (5) Sri Lanka Ports Authority

Source: Interviews with companies.

Table 15 provides a breakdown of the various costs of importing a vehicle from Japan.

Table 15: Cost of importing a vehicle from Japan

Procedure	Cost in USD
Assembling and preparing documents	5
L/C Cost	26
Customs clearance	22
Ports and Terminal handling costs (depends on the area size required for vehicle - in square metres)	26
Inland transportation and handling costs (Nothing significant as the drivers of the company drive the vehicles to the showroom)	-
Total	79

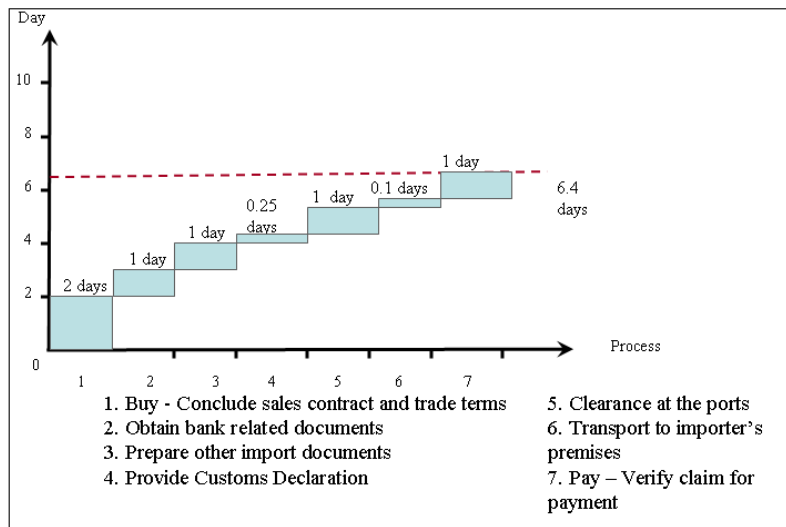
Note: L/C cost differs significantly depending on the type of car.

Source: Interviews with companies.

The time required for each step of the process of importing vehicles from Japan is illustrated in Figure 4.²³

²³ Note: A “day” refers to a “working day” of 8 hours and all calculations are based on an 8- hour day.

Figure 4 : Time procedure chart of motor vehicle imports from Japan



4.4 Textile imports from India to Sri Lanka

1. Buy

Selecting a supplier of textiles (fabric) is usually based on the ultimate (end) buyer's nomination. Based on this nomination, the importer contacts the supplier, after which the supplier quotes the terms of reference (TOR) and prices. If the importer agrees with prices and TOR, the supplier raises a Proforma Invoice and sends it to the importer via email. The importer then prepares a Purchase Order and sends it to the exporter. Payment related steps are carried out henceforth by opening an L/C. If the importer does not agree with the quoted prices and TOR, then re-negotiations take place between the ultimate buyer, the importer and the supplier until all three reach a settlement.

For non-BOI importers, the process is different. Once a buyer confirms a product, Product A, for example, the buyer sends a sample of Product A to a lab in Sri Lanka to get all the technical information. The samples, together with the technical information, are sent by courier to the fabric manufacturer to match the sample. The fabric manufacturer then sends the relevant fabric to a local lab in India to test whether the specifications match. The test report, together with the sample, is sent to Sri Lanka and the sample is again sent to a Sri Lankan laboratory to get technical confirmation. The reports and the samples are then sent to the buyer who placed the order, in order to confirm that they can go ahead buying the textile. After this, they request from the Indian supplier between 10 and 15 metres of the fabric, and the supplier (exporter) makes a sample of Product A and sends it to a lab (in Sri Lanka) to be tested (wear test). Then the Purchase Order is sent to the Indian counterpart, outlining all the technical requirements. A copy of the PO is obtained from the supplier, for original signatures, and the documents are couriered. Then the supplier sends a Proforma Invoice stating their requirements (payment conditions, etc.), which is signed and returned to the supplier. Once an L/C is opened, the shipment is prepared.

2. Collect the documents required for importing textiles

Two sets of documents are sent by the supplier from India: 1) original set of documents to the bank, 2) copy of the set of documents to the buyer. These documents include: 1) Commercial Invoice, 2) Packing list, 3) Bill of Lading, 4) Inspection Certificate (by the appointed body in India), 5) GSP certificate, 6) Insurance Certificate, and 7) Certificate of Origin. If the documents comply with the requirements, then the payment is released when the documents are collected.

3. Obtain cargo insurance

If it is Free On Board (FOB) cargo, the BOI-approved importer applies for bulk insurance weekly with the number of containers. The Commercial Invoices as well as the CUSDECs have to be provided as supporting documents. The insurance company then prepares and issues the insurance policy, which is collected by the importer or is delivered by the insurance company to the importer. Insurance premium payments are paid monthly by the importer. If it is CIF, the supplier bears the insurance cost. For non-BOI companies, insurance cover is obtained on consignment basis by providing the Proforma Invoice.

4. Arrange transport

After obtaining the DO from the Shipping Agent, the importer reserves a trailer by submitting a Booking Request and the DO. The inland company acknowledges the booking request and issues a Release Order. The trailer is then sent to the port directly with the Gate Pass provided by the importer. The trailer driver gives the Gate Pass to the crane operator to get the container out of the vessel and loads it onto the trailer to deliver it to the clearance point at the BOI. Once the consignment is released, it is moved to the warehouse.

5. Submitting the customs declaration online

The CUSDEC is lodged through the EDI together with the supporting documents (CI, B/L and Packing List). The Customs Department verifies submitted information and returns the CUSDEC to the importer with the CUSDEC Declaration Number. In the meantime, the payment is reduced (electronically) from the Current Account the importer holds at the Customs Department. The importer then makes a printout of the CUSDEC and makes the relevant number of copies (six copies). BOI-approved companies take the CUSDEC and copies to the clearance department of the BOI. Non-BOI companies go to the Sri Lanka customs office with the same set of documents.

6. Customs clearance

The BOI-approved importers provide a hard copy of the CUSDEC with the declaration number received from the electronic system to the customs office located at the BOI. The non-BOI importer provides the same documentation to the customs office in Colombo. The customs first issues an Assessment Note, which is a summary of the shipment information, payments that need to be made, etc. The importer then submits the other supporting documents, together with the CUSDEC, and customs verifies the documents and decides whether to select for verification/examination or not. If the consignment is selected for examination, the CUSDEC is returned to the importer with the "Panel Examination Required" seal on it. Once the importer submits the panel examination request form to customs and makes the payment,

two customs officers examine the consignment and, if the declared goods tally with the packing list and the Commercial Invoice, the declaration is returned with a “Panel Examination Completed” seal on it.

Clearance at the port

The importer obtains a Gate Pass to enter the port with the trailer by submitting the following documents: CUSDEC, Delivery Order, Packing List, SLPA Charge Sheet, Proforma Invoice, Assessment Note and B/L. The SLPA charges have to be made before the clearance day and an SLPA Payment Receipt is provided in acknowledgement of the payment. Once the Gate Pass is obtained and the SLPA charges are paid, the importer then enters the port with the trailer and proceeds to the Security Office to submit the CUSDEC, SLPA Payment Receipt, Delivery Order, Commercial Invoice and Shipping Guarantee. The agent then proceeds to the Security Office, signs the tally report and goes to the yard. After the security check, the documents are passed to the Passing Office and the Passing Office verifies the documents and approves the DO, after which the importer pays the terminal handling charges and takes the consignment to the warehouse. If it is a non-BOI company, the Passing Office decides whether to select the consignment for inspection. If it is selected for inspection, it is inspected at a yard outside the port but in close proximity (a container usually reaches this yard within an hour for inspection). The DO is approved following the inspection.

Clearance at the BOI

The BOI importer, once at the BOI, submits the supporting documents (CUSDEC, CI, DO, B/L, Packing List, Insurance policy) to the BOI Office and the officer cross checks the declaration information with the submitted documents and decides whether or not to inspect the cargo. If it is selected for inspection, the cargo is moved to the point of inspection. After the inspection, the BOI records the quantity imported and the value, and issues the Release/Clearance Order. The consignment is then moved to the warehouse. If any misconduct is found during the inspection, the goods are unloaded at the declaration point and the BOI files a case against the importer.

7. Pay

The most common form of making a payment is via a L/C because it is considered by these companies to be the most reliable payment settling tool. Following the confirmation of purchase and receipt of the Proforma Invoice, the importer raises an L/C. The L/C has to be raised on or before the shipment date. The importer needs to submit an L/C application form, which can be obtained from the bank. When raising the L/C, the Proforma Invoice is submitted as the supporting document. Once the L/C is raised and sent to the supplier, the supplier prepares the documents that are required to be sent to the importer in order for the importer to clear the goods. These documents include the Commercial Invoice, B/L, Certificate of Origin and the Packing List. These documents are given to the supplier’s bank by the supplier. The bank verifies the documents and, if they meet the conditions in the L/C, the bank forwards the documents to the importer’s bank. The importer’s bank verifies the forwarded documents and, if they meet the L/C conditions, transfers the payment from the importer’s account to the supplier’s bank. The importer then collects the documents from the bank and the supplier receives the payment.

When importing from India, all importers face the issue of receiving the shipment prior to the documents, due to the proximity of the two countries. While the shipment arrives in about four or five days, the documents take about ten days to reach the importer, and the B/L is issued only after the shipment is completed. However, since a payment document needs to be shown in order to clear a shipment, the importer obtains a fax copy, gets it endorsed and obtains a bank guarantee. The goods are cleared by showing this bank guarantee to customs.

The documents required for importing fabric from India and the agencies that need to be visited are summarized in Table 16.

Table 16: Documents and agencies involved in the process of importing textiles from India

	Number	List
Documents required for importing textiles	19	(1) Proforma Invoice, (2)Purchase Order,(3) Application for the L/C, (4) Letter of Credit, (5) Release Order, (6) Customs Declaration, (7) Commercial Invoice, (8) Bill of Lading, (9) Packing List, (10) Insurance, (11) Certificate of Origin, (12) Delivery Order, (13) Assessment Note, (14) SLPA Payment form, (15) SLPA Payment Receipt, (16) Gate Pass, (17) Shipping Guarantee, (18) Panel Examination Request Form, (19) Inspection Certificate
Agencies that need to be visited	7	(1) Bank, (2) Shipping Agent, (3) Department of Commerce or Ceylon Chamber of Commerce, (4) Insurance Company, (5) Sri Lanka Customs, (6) Board of Investment of Sri Lanka, (7)Sri Lanka Ports Authority

Source: Interviews with companies.

Table 17 provides a breakdown of the various costs of importing textiles from India.

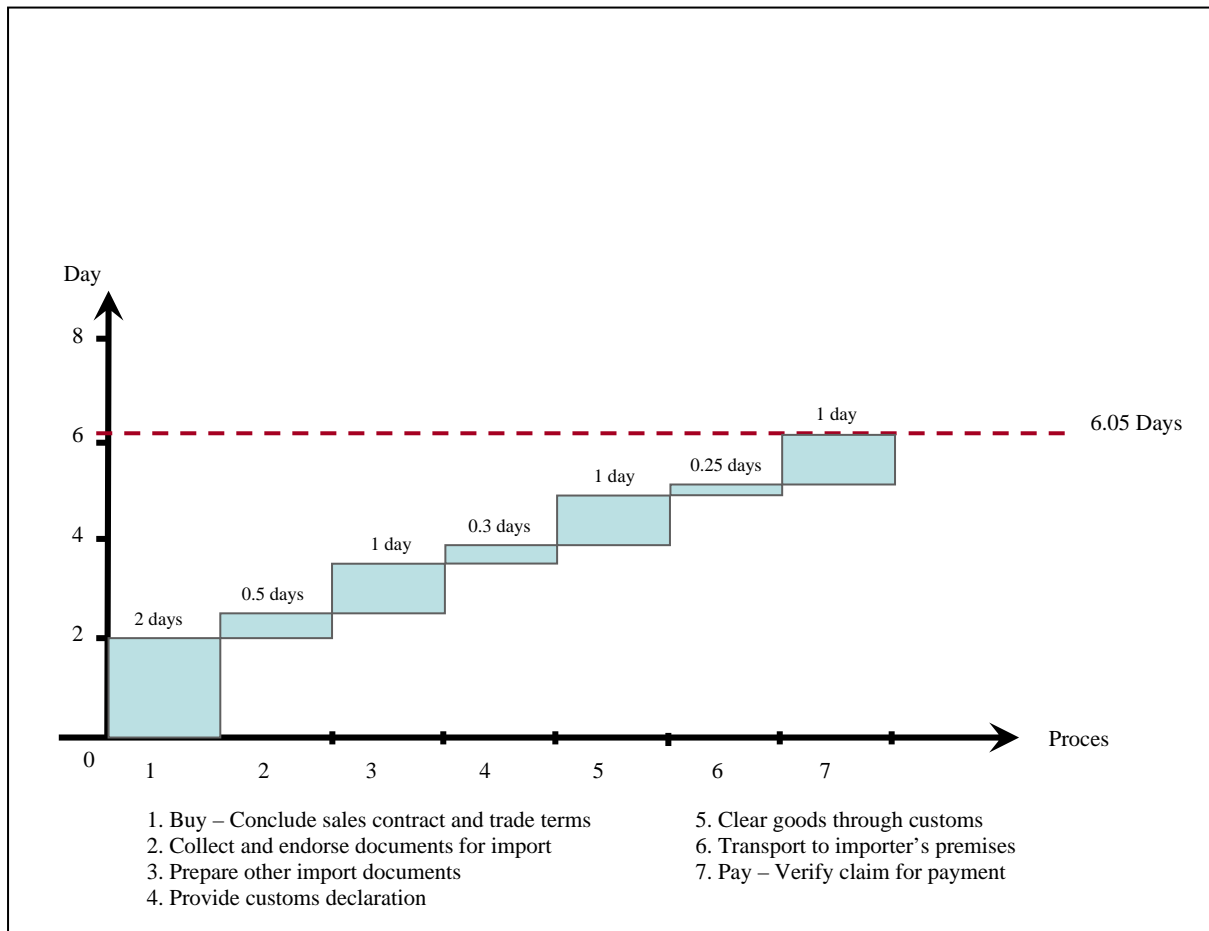
Table 17: Costs of importing textiles from India

Procedure	Cost in USD
Assembling and preparing documents	30
L/C Cost (Bank Charges)	354*
Customs clearance	15
Ports and Terminal handling costs	183
Inland and Transportation handling costs	95
Total	677

Note:* The L/C cost is 0.125% of the invoice value. The invoice value differs depending on the type of material and the quantity imported.

The time required for each step of the process of importing textiles from India is illustrated in Figure 5.

Figure 5: Time procedure chart of for textile imports from India



5. Analysis and conclusions

Although the number of documents required in the trading process is high, and many agencies need to be visited, the interviewed companies have become accustomed to the procedures and did not consider the processes to be significantly cumbersome. In fact, the car importers thought maintaining the current documentation to be necessary in order to distinguish “genuine” importers from those who are not.

The export process seems to be relatively more cumbersome than the import process as it requires a higher number of documents and a greater number of agencies are involved. This means that more days are required to export than to import (see Table 18).

As shown in Table 18, there are some differences between the findings of this study and that the figures in the World Bank’s Doing Business Report. The numbers of documents required for import/export, found in this study are much higher than the World Bank (WB) figures, and the number of days required are lower than those estimated by the WB.

Table 18: Summary of import/export times, costs, document needs and agencies involved

Process	Product	No. of documents	No. of days to export/import	Cost in USD
Export	Tea	24	17.1 (8.1)	435
	Rubber Tyres	19	16.9 (6.9)	237
	WB Doing Business 2010	8	21	715
Import	Cars	18	6.4 (3.35)	79
	Textiles	19	6.05 (3.05)	677
	WB Doing Business 2010	6	20	745

Note: Values in parentheses show time estimates when the times for the “buy” and “pay” processes are excluded.

Source: Interviews with companies.

The differences between the WB figures and those of this study may be due to the following factors:

- The WB figures are averages for all goods traded. Some of the documents identified in this study are product-specific and may not be required when trading other goods.
- The study has considered documents involved in the import/export process from the point of order to shipment, including those handled by both buyers and sellers. It has tried to capture all documents involved in the trading process, including request forms to carry out the required examinations, request forms of certificates, etc. so as to gauge the total number and type of documents that are being exchanged in the trading process. The WB Doing Business estimates may not have taken these documents into account.
- Some of the documents listed in this study are required only if a particular consignment is picked for random checking (as described in detail earlier in this report) and are not required for all export consignments.
- The L/C cost differs significantly from product to product, consignment to consignment thus, differences in costs may occur. All costs calculated exclude any informal costs that may be attached.
- While many of the companies interviewed had clearing house agents (CHAs) in-house, the ones who outsourced had done so to CHAs who specialize in exporting/importing that particular product. For example, the CHA to whom one of the car importers outsourced handles only the clearance of vehicles and is thus specialized in the relevant processes for vehicles. Their knowledge and connections enable them to go through the processes quickly and with fewer hassles. This may help to explain why the WB estimates of the time required are much higher than the figures obtained in this study.
- One of the components of the WB estimates – the waiting time before the next vessel departs – was not measured in this study, which may also help to explain why the WB estimates of the time required are much higher than the figures obtained in this study

It should be noted, however, that the number of days required for trading in this study includes the time taken to “buy” and “pay”. These are not included in the WB estimates and are essentially private procedures as against the other procedures, which are more or less both private and public (with the exception of packing, arranging and transporting); see Table 20. If the time spent for these two processes are taken out of the number of days required (in the estimates of this study), the days required become even lower than previously calculated (see numbers in parentheses in Table 18) and even lower than the WB estimates.

There are no noticeable differences in the time and costs of exporting/importing between the large companies and the SMEs, with the processes being the same for both.

However, it was possible to identify several differences between the procedures followed by BOI-approved companies and non-BOI companies. The ability of BOI companies to submit the CUSDEC, make the payments and examine the cargo at the BOI, within the Free Trade Zone (FTZ), provides the BOI companies with an advantage, mainly in terms of time and less hassle, i.e., avoiding long queues, avoiding the need to transport imports (if selected for examination) to yard outside the ports, etc. The only additional cost seems to be the LKR 375 (USD3.3) that the BOI-approved companies have to pay (the BOI service charge). Non-BOI companies have to pay less: LKR 250 (about USD2.5) to lodge the CUSDEC. The differences between the two are outlined in Table 19.

Table 19: Main differences between the steps followed by the BOI-approved companies and those of the non-BOI companies

Process	Activity	Non-BOI company	BOI company
Import Process	Import declaration	CUSDEC submitted to Long Room of customs in Colombo	CUSDEC submitted to BOI Centre in the FTZ
	Payment of duties and taxes	To bank located near the Long Room	Bank counter at the BOI in the FTZ
	Determine examination level	By customs	By customs/BOI Coordination Unit (CBCU)
	Cargo examination	Examination by customs at Grayline yard	Examination by BOI at the FTZ
Export Process	Export declaration	Submit documents to customs	Submit documents to BOI
	Cargo examination (if required)	Cargo verification by customs	Cargo verification by BOI at FTZ

Source: Interviews with the companies.

Table 20 summarizes the status (public or private) of the key actors involved in the various steps of the import and export processes.

Table 20: Public/Private status of the actors involved in the main steps of the import and export processes

Process	Main steps	Actors (public/private)
Export	Buy	Private
	Obtain export permit	Private and Public
	Assemble all other export documents	Private and Public
	Lodge CUSDEC online	Private and Public
	Pass CUSDEC manually	Private and Public
	Pack goods, arrange transport and transport to port	Private
	Customs clearance at the port	Private and Public
	Terminal handling activities	Private and Public
Import	Buy	Private
	Assemble all import documents	Private and Public
	Lodge CUSDEC online	Private and Public
	Pass CUSDEC manually	Private and Public
	Customs clearance at port	Private and Public
	Inland Transportation to warehouse	Private

6. Recommendations

The study highlighted several areas that need improvement so as to facilitate trade. The following recommendations are made:

- Take forward the computerization and automation of trade procedures

In Sri Lanka, only the initial step of lodging CUSDECs can be done electronically, after which traders/agents have to take the CUSDEC to the Customs Department or the BOI to get the other signatures and approvals. The need to physically go to the Customs Department or BOI was seen by the interviewed companies as a major impediment to trade. Traders noted that due to the lack of automation, several copies of each document have to be made, which increases paperwork and can cause delays. Furthermore, according to Customs Department sources, about 80 per cent of CUSDECs are still lodged manually, despite the existence of electronic facilities for lodgement of CUSDECs. Interviews with traders and agents highlighted the need to have a fully automated system in place that is simple to use and will therefore be used by all traders.

- Issue the COO electronically and ensure acceptance by trading partner countries of the electronic COO

One of the major constraints that exporters/importers who trade with India identified was the delay in obtaining the necessary documents. The Certificate of Origin (COO) is issued only after the shipment has been effected, but shipments usually arrive in India/Sri Lanka within a period of 48 hours, which means the goods arrive prior to the documents. Without the essential Certificate of Origin the goods cannot be cleared, resulting in delays. Due to these delays there have been instances where demurrages have to be paid and additional costs have to be incurred. Traders opined that on such occasions the benefits of the Free Trade Agreement (FTA) between the two countries are nullified. If the COO can be issued electronically and if it is accepted by both countries, it will facilitate trade between the two countries.

- Open customs clearance during weekends and holidays and remove overtime fees

Clearance of consignments is not carried out by relevant authorities during weekends and holidays. Traders emphasized that the relevant authorities need to work every day in order to facilitate trade. Furthermore, traders pointed to the need to pay overtime to clear shipments after 4pm as a hindrance that should be removed so as to facilitate trade.

- Better control the rates charged by shipping lines and freight forwarders

In the case of CIF, when the supplier bears the freight and insurance charges, the local shipping lines or freight forwarders demand different amounts for different goods, so there is no uniformity. There should be better regulation and control over the charges.

- Develop credit facilities at the ports

Currently, there is no system in the ports through which payments can be deducted from an account. As a result, money has to be physically moved. This was identified as a hindrance and also an opportunity for officials to demand unofficial payments. The payment system should be revised so that credit facilities are available at the ports.

- Put all related agencies under one roof

Having all related agencies under one roof was also highlighted as being necessary to facilitate trade, as having all the agencies together would speed up the processes and reduce costs.

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Appendices

Business Processes of
Reconditioned Car Imports
from Japan

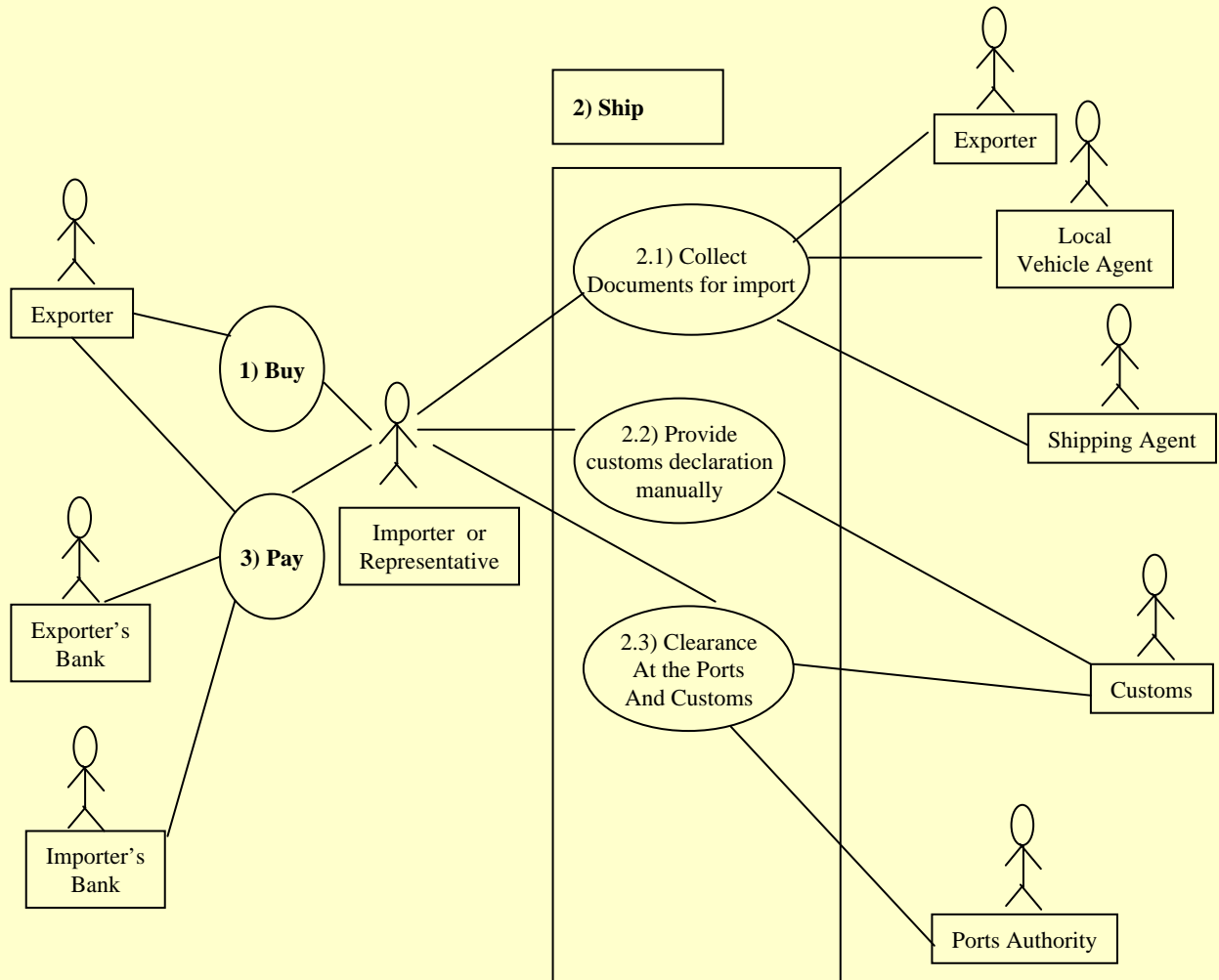
Documents

1. Proforma Invoice
2. Application for the L/C
3. Letter of Credit (L/C)
4. Customs Declaration (CUSDEC)
5. Commercial Invoice (CI)
6. Original Cancellation of Registration Certificate
7. English translation of the Cancellation Certificate
8. Pre-shipment Inspection Certificate (JAAI Certificate)
9. Declaration of value by the agent
10. Declaration of valuation of accessories
11. Working Sheet
12. Assessment Note
13. Bill of Lading (B/L)
14. Insurance
15. Delivery Order (DO)
16. Gate Pass
17. SLPA Payment Form
18. SLPA Receipt

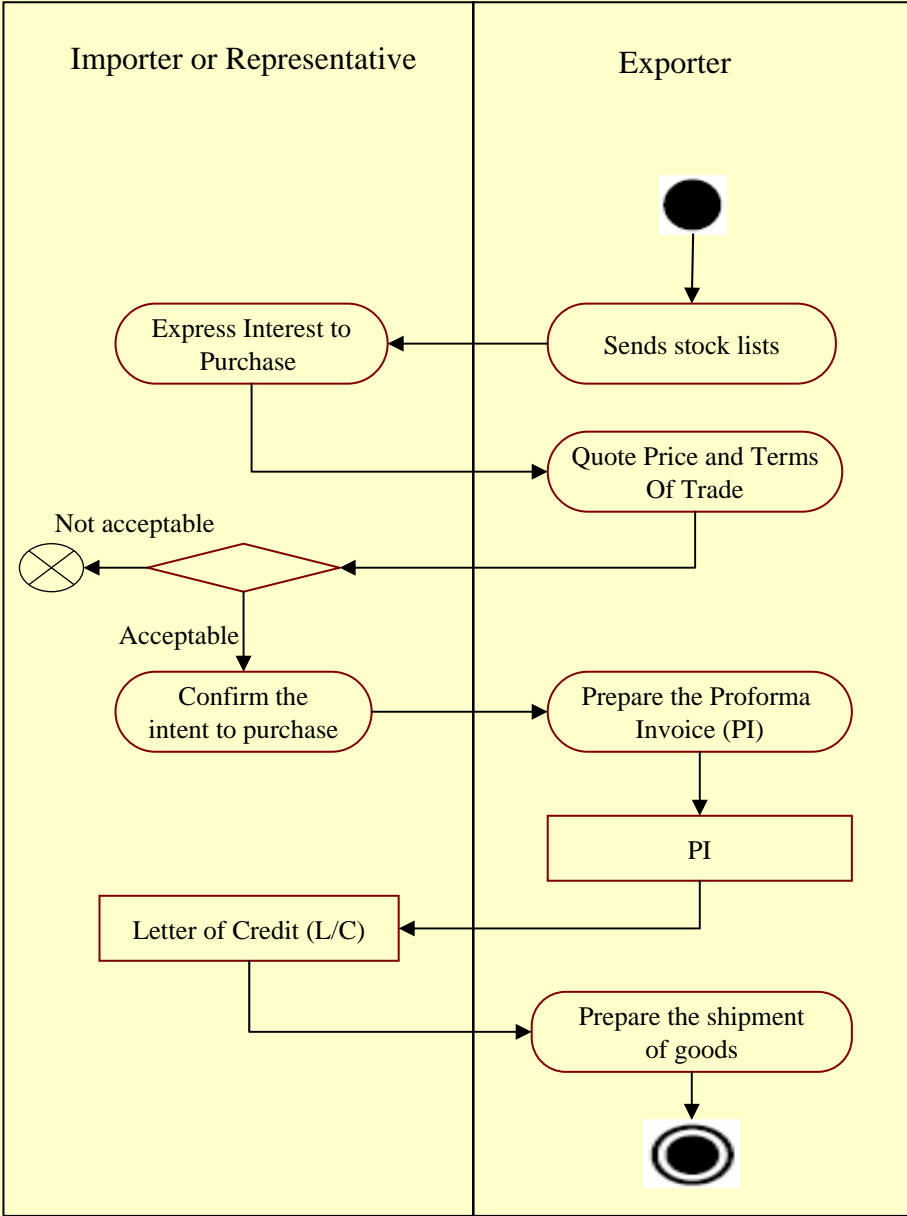
Agencies that need to be visited

1. Bank
2. Local Vehicle Agent
3. Shipping Agent
4. Sri Lanka Customs
5. Sri Lanka Ports Authority

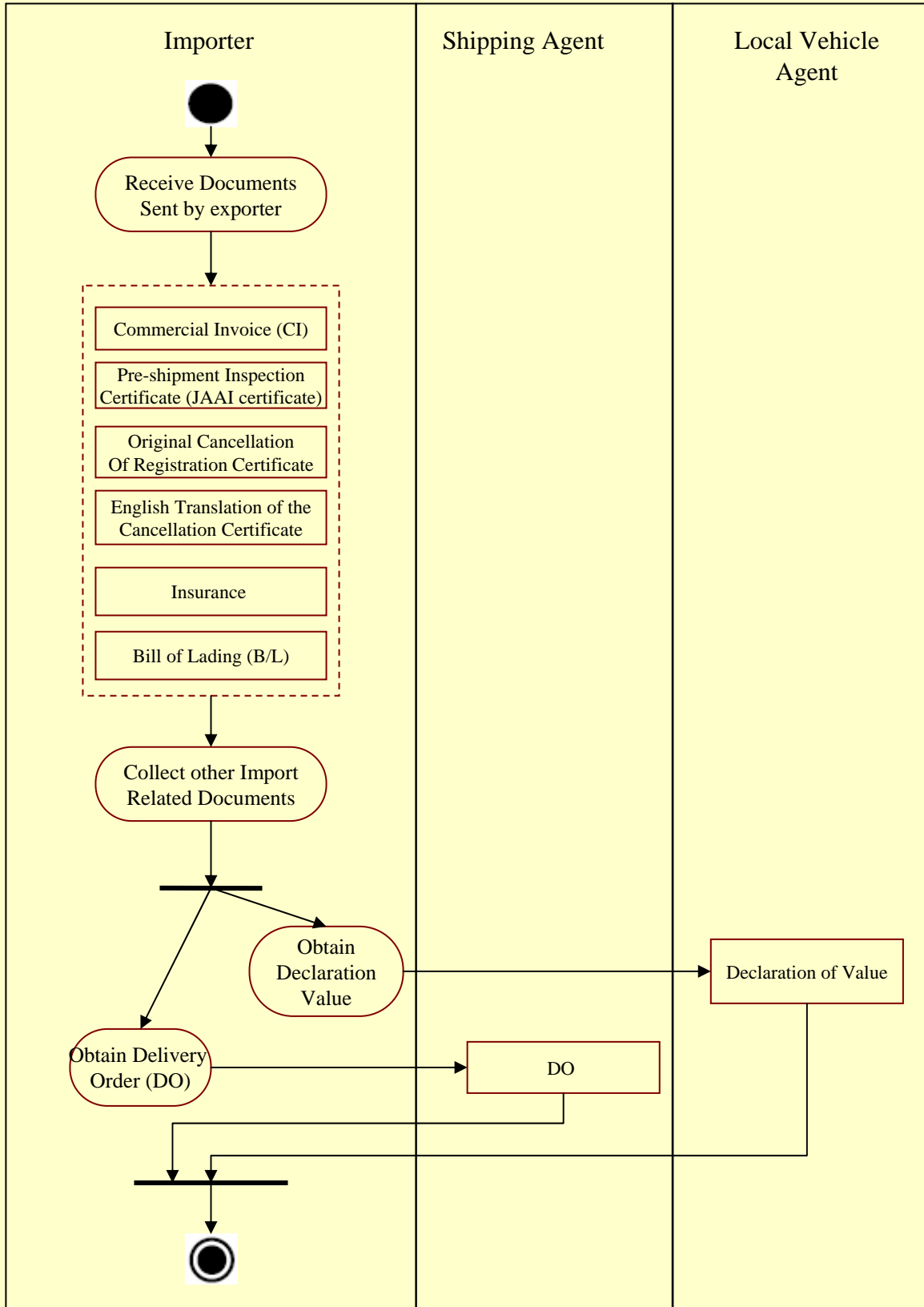
Use Case: Reconditioned Car Imports from Japan



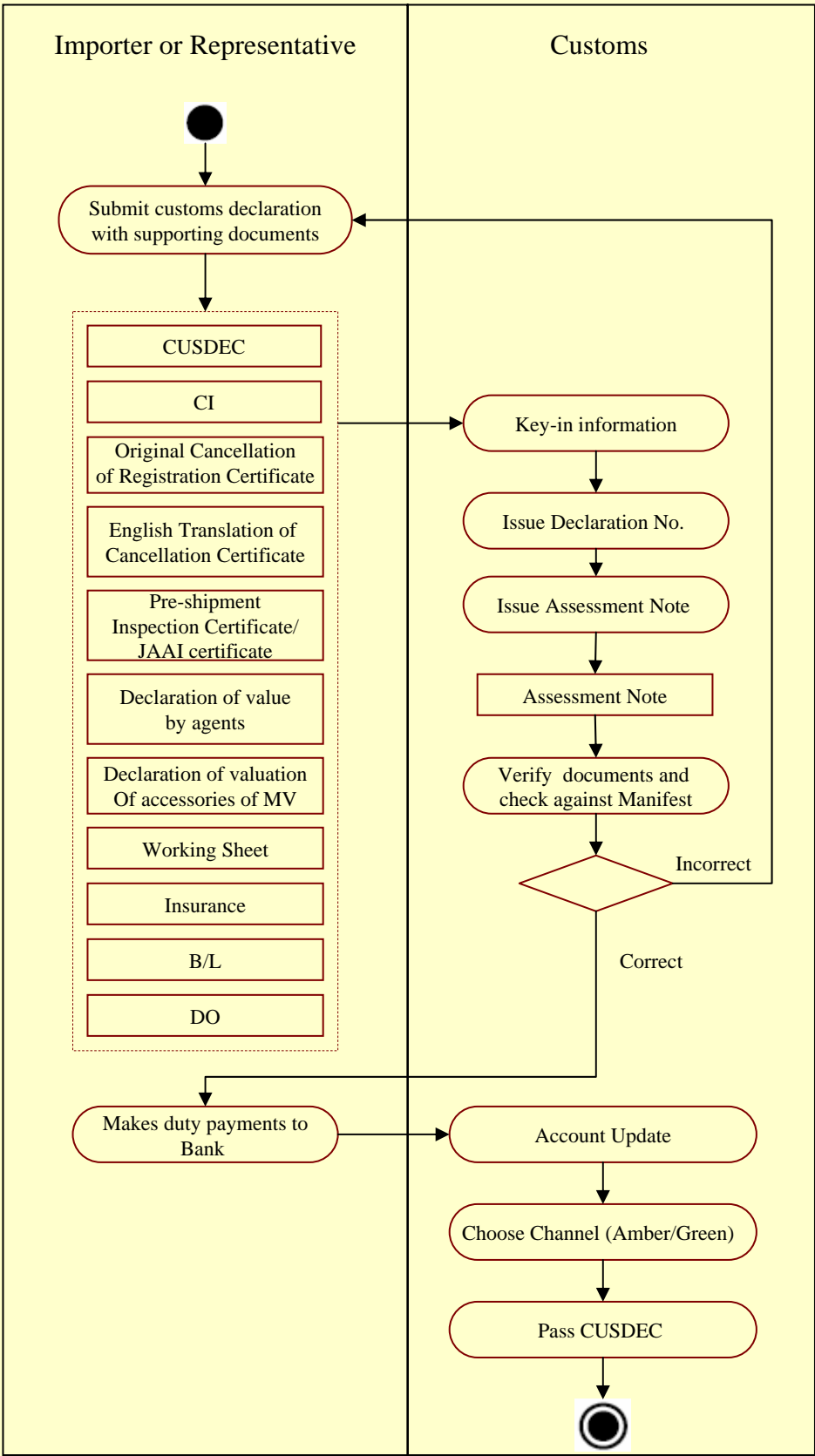
1. Buy



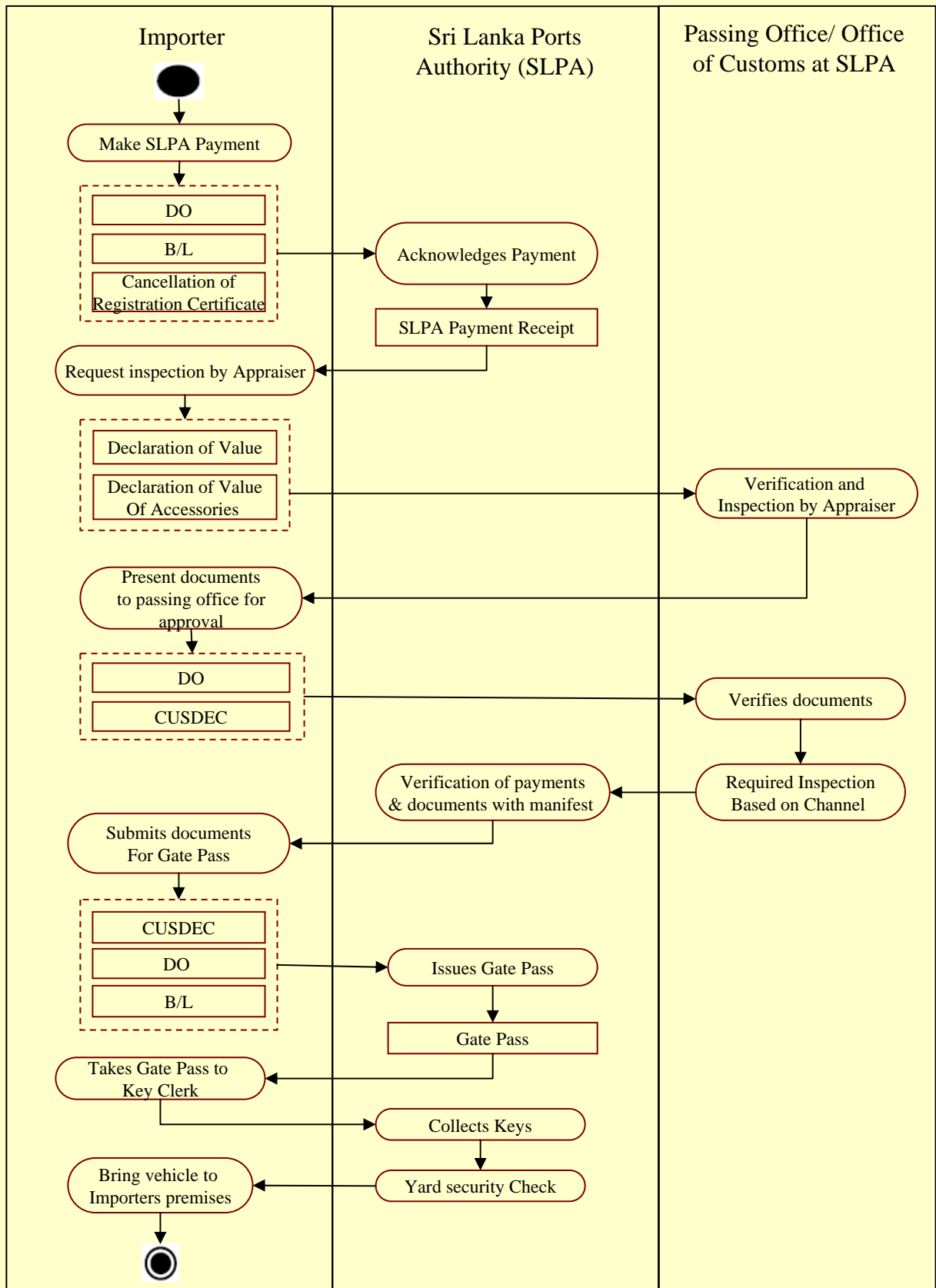
2.1 Collect Documents for Import



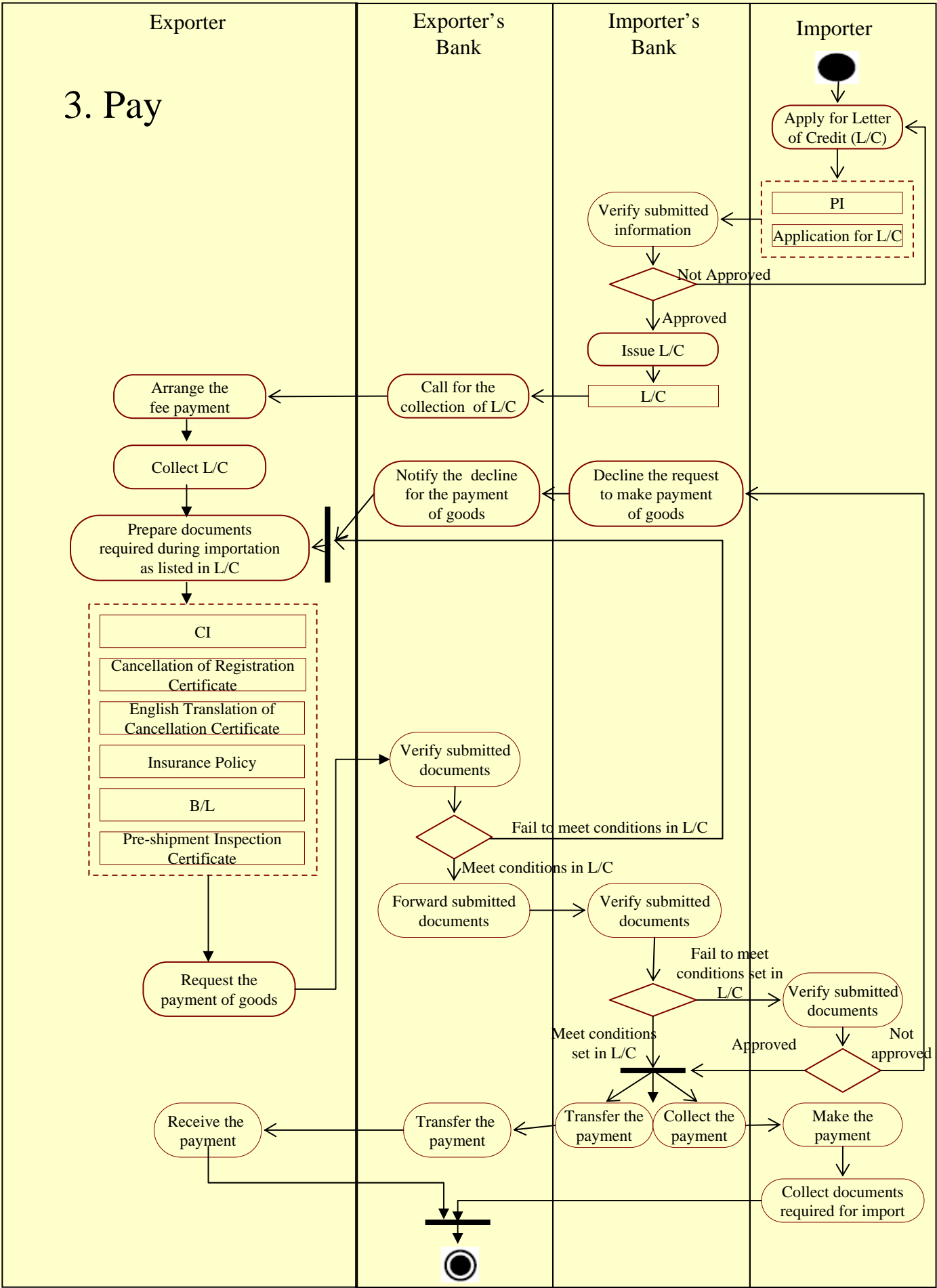
2.2 Provide Customs Declaration Manually



2.3. Clearance at the Ports & Customs



3. Pay



Business Processes of Tea
Export from Sri Lanka to
Japan

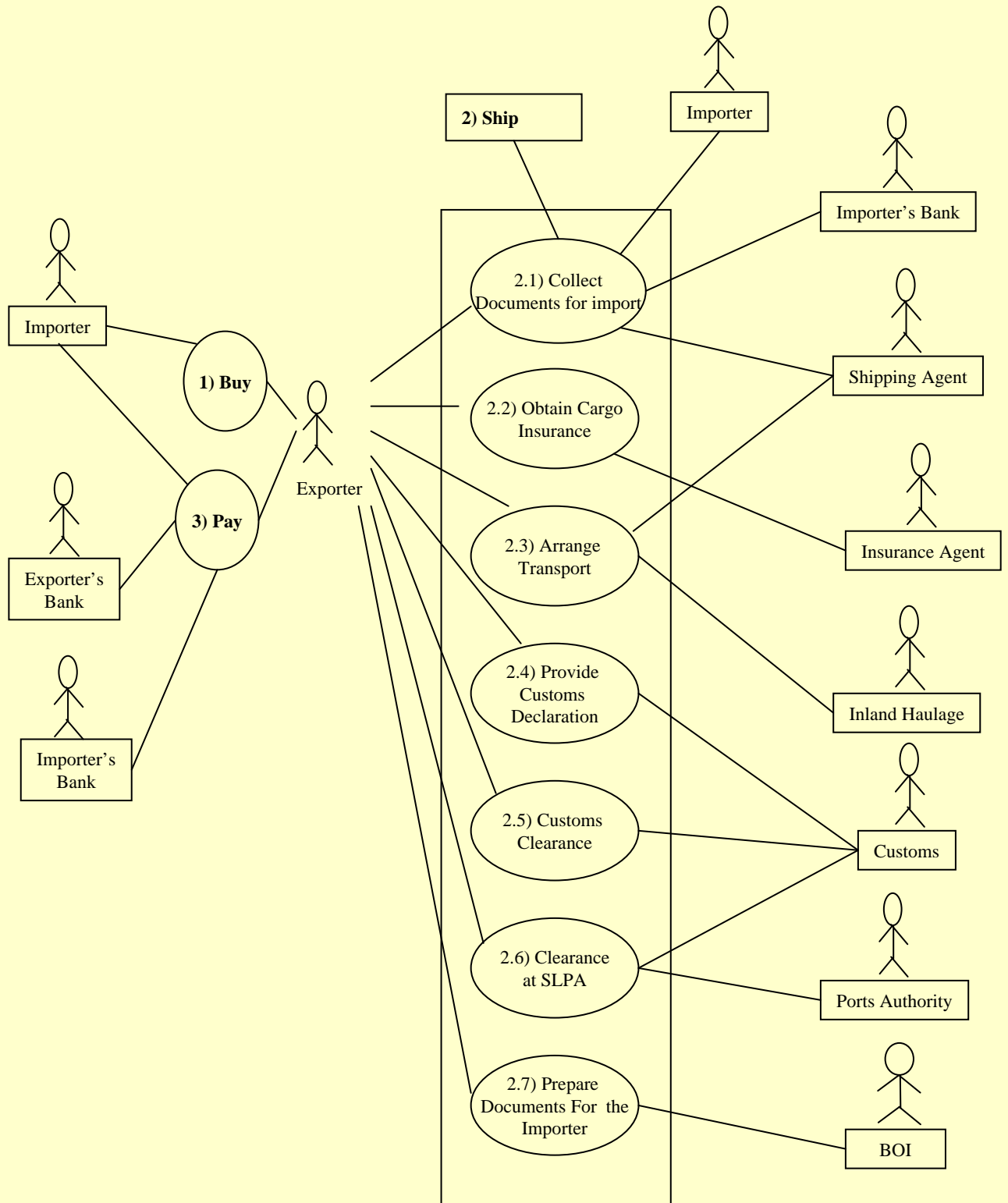
Documents

- 1. Proforma Invoice (PI)**
- 2. Purchase Order (PO)**
- 3. Commercial Invoice (CI)**
- 4. Tea Export Permit**
- 5. Blend Sheet**
- 6. Fumigation Certificate Request Form**
- 7. Fumigation Certificate**
- 8. Phytosanitary Request Form**
- 9. Phytosanitary Certificate**
- 10. GSP form**
- 11. Shipping Note**
- 12. Release Order (RO)**
- 13. Customs Declaration (CUSDEC)**
- 14. Bill of Lading (B/L)**
- 15. Packing List**
- 16. Insurance**
- 17. Cargo Dispatch Note (CDN)**
- 18. Certificate of Origin (COO)**
- 19. Delivery Order (DO)**
- 20. Assessment Note**
- 21. SLPA Payment form**
- 22. SLPA Payment Receipt**
- 23. Gate Pass**
- 24. Panel Examination Request Form**

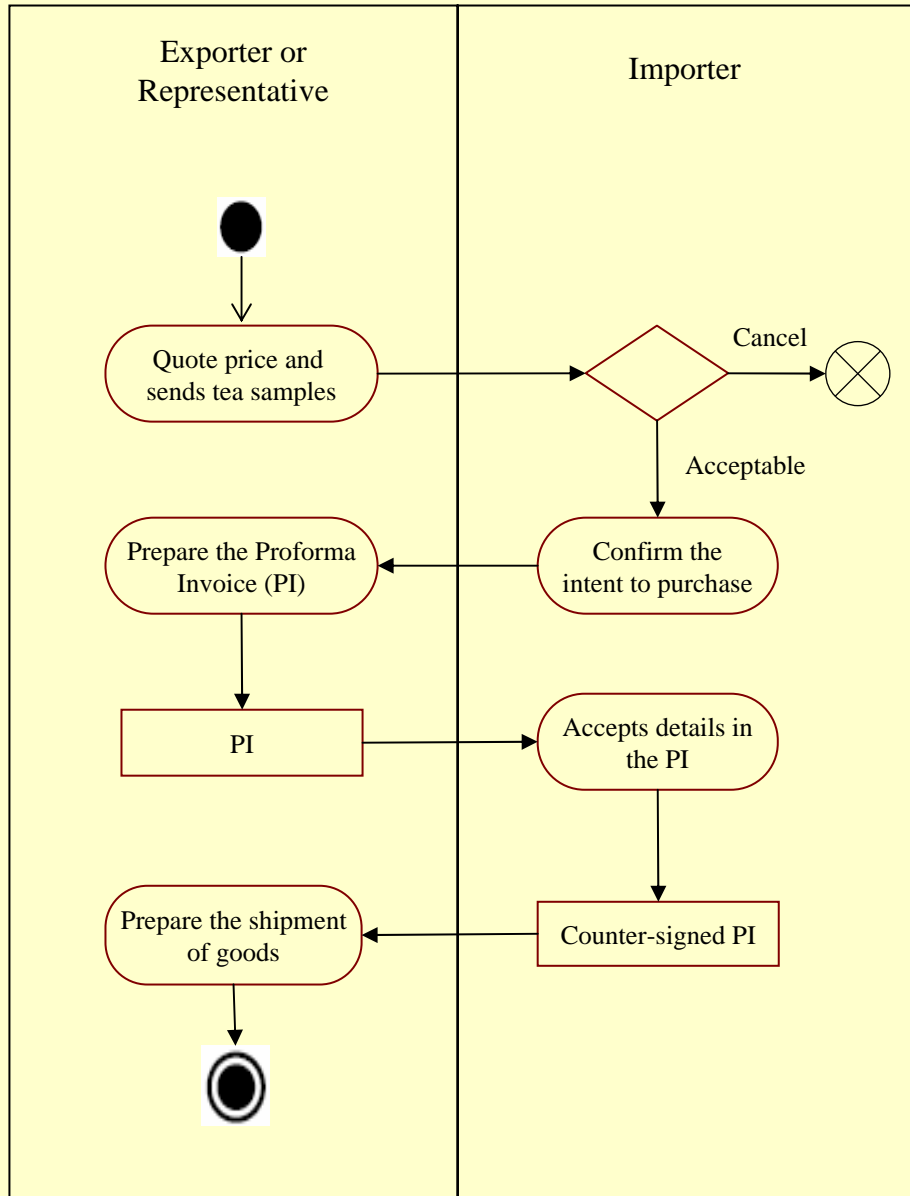
Agencies that need to be visited

- 1. Bank**
- 2. Tea Board**
- 3. Shipping Agent**
- 4. Insurance Company**
- 5. Sri Lanka Customs**
- 6. Sri Lanka Ports Authority**
- 7. Fumigation Company**
- 8. Department of Agriculture**
- 9. Department of Commerce or Ceylon Chamber of Commerce**

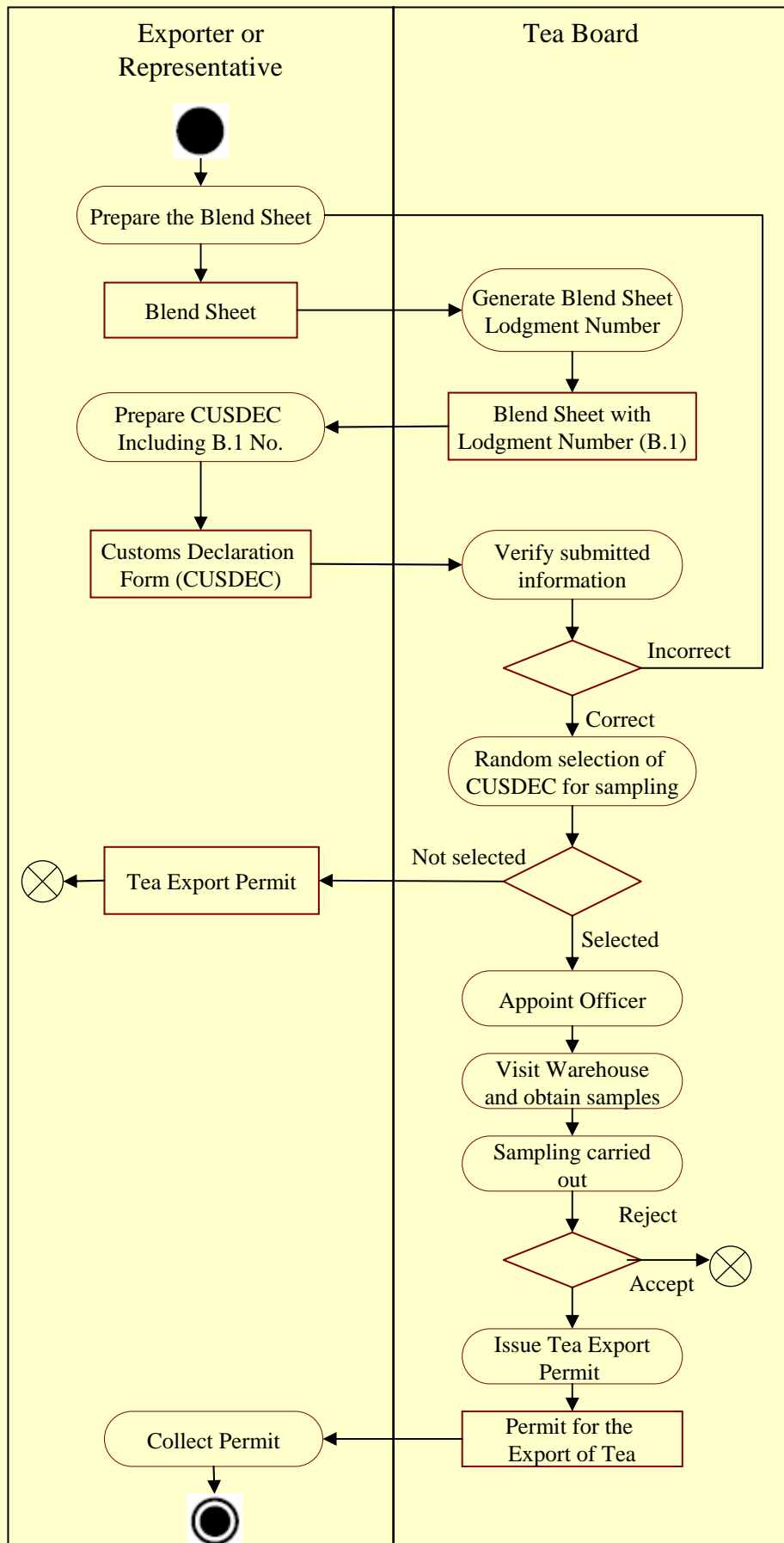
Use Case: Exports of Tea to Japan



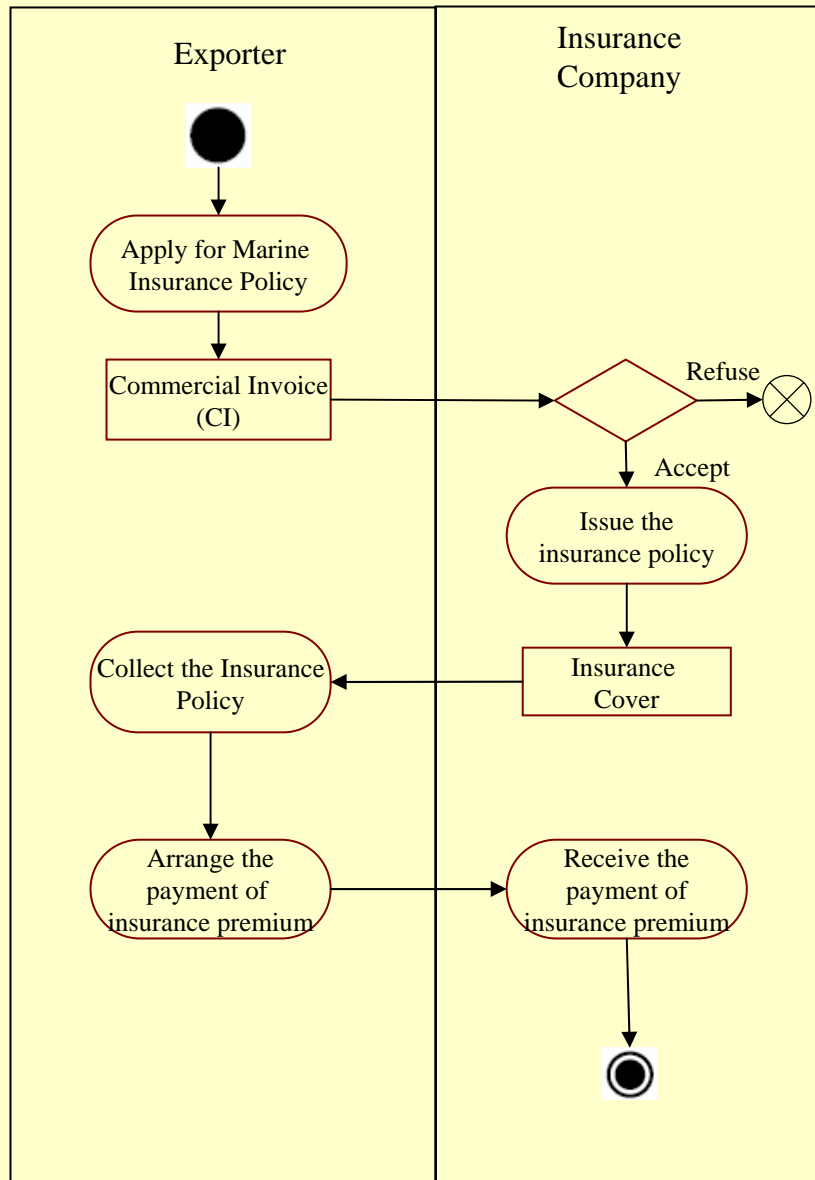
1. Buy



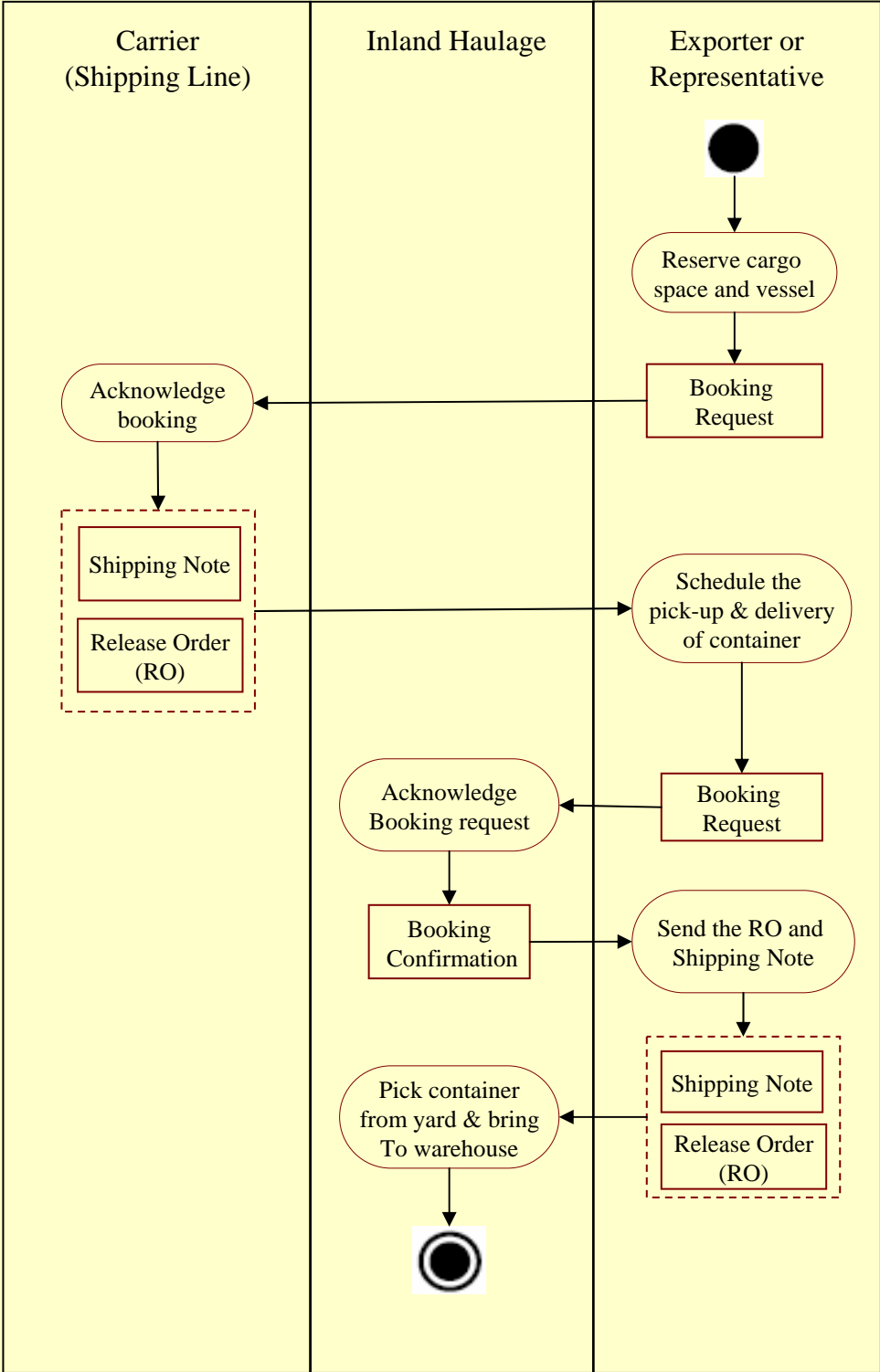
2.1 Obtain Export Permit



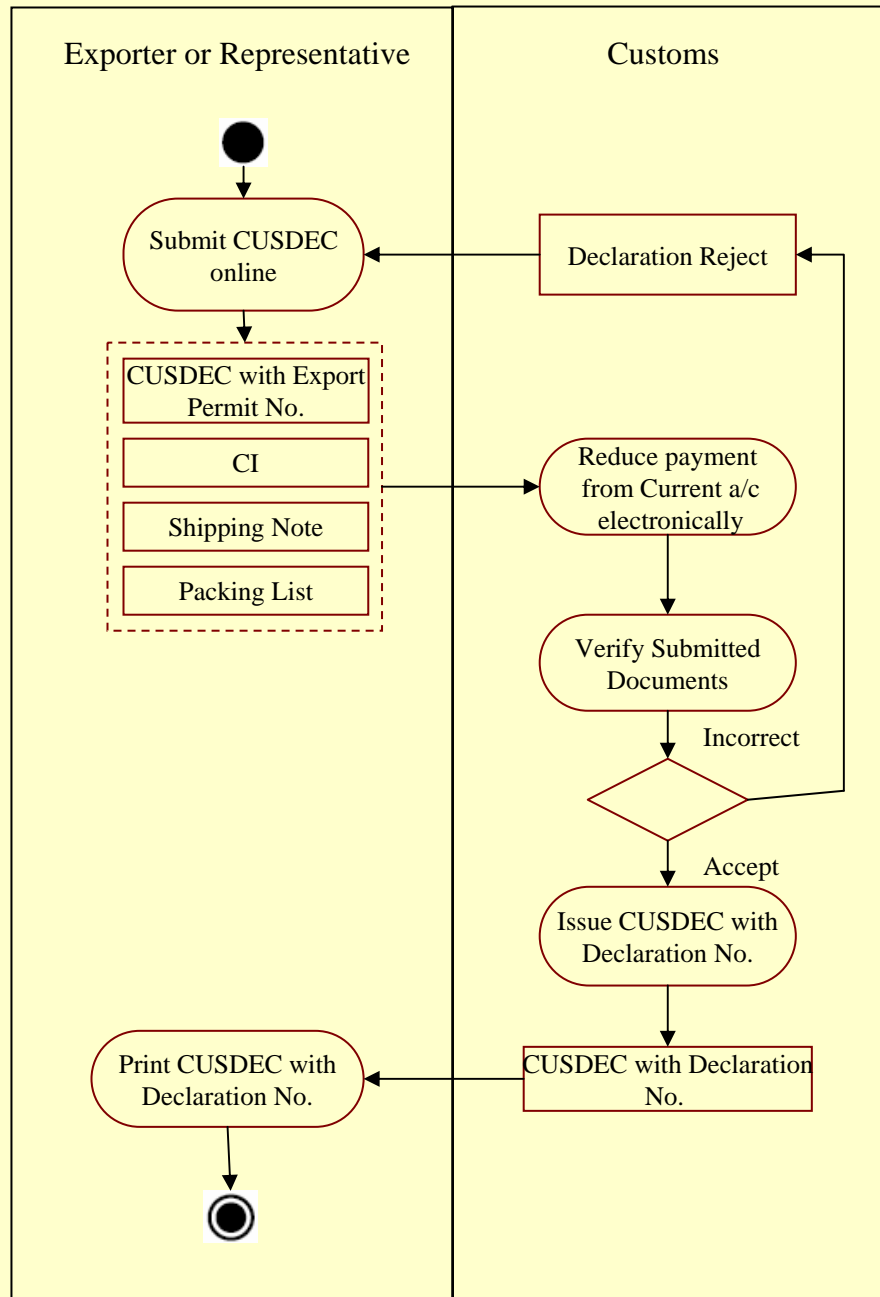
2.2 Obtain Cargo Insurance



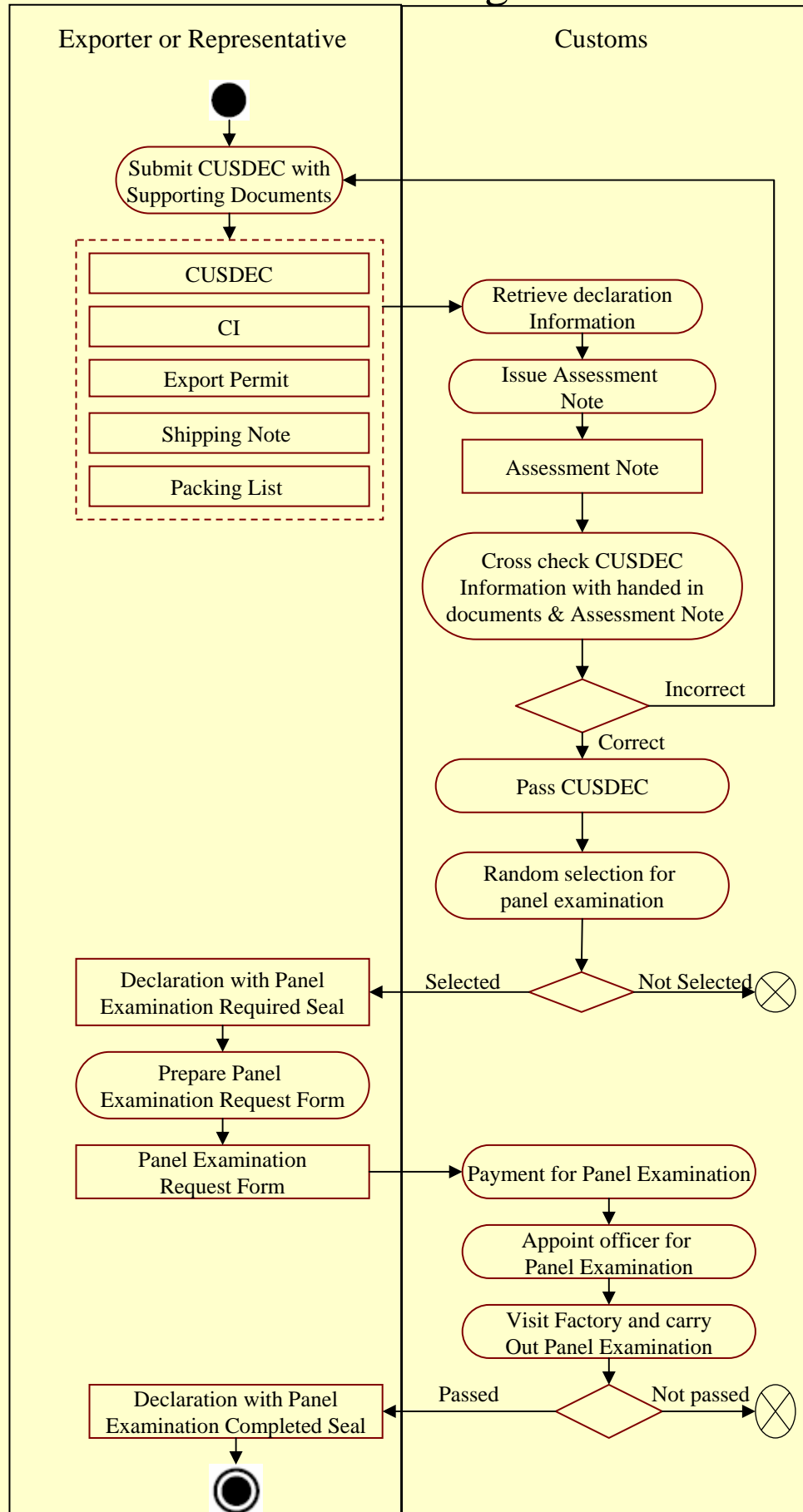
2.3 Arrange Transport



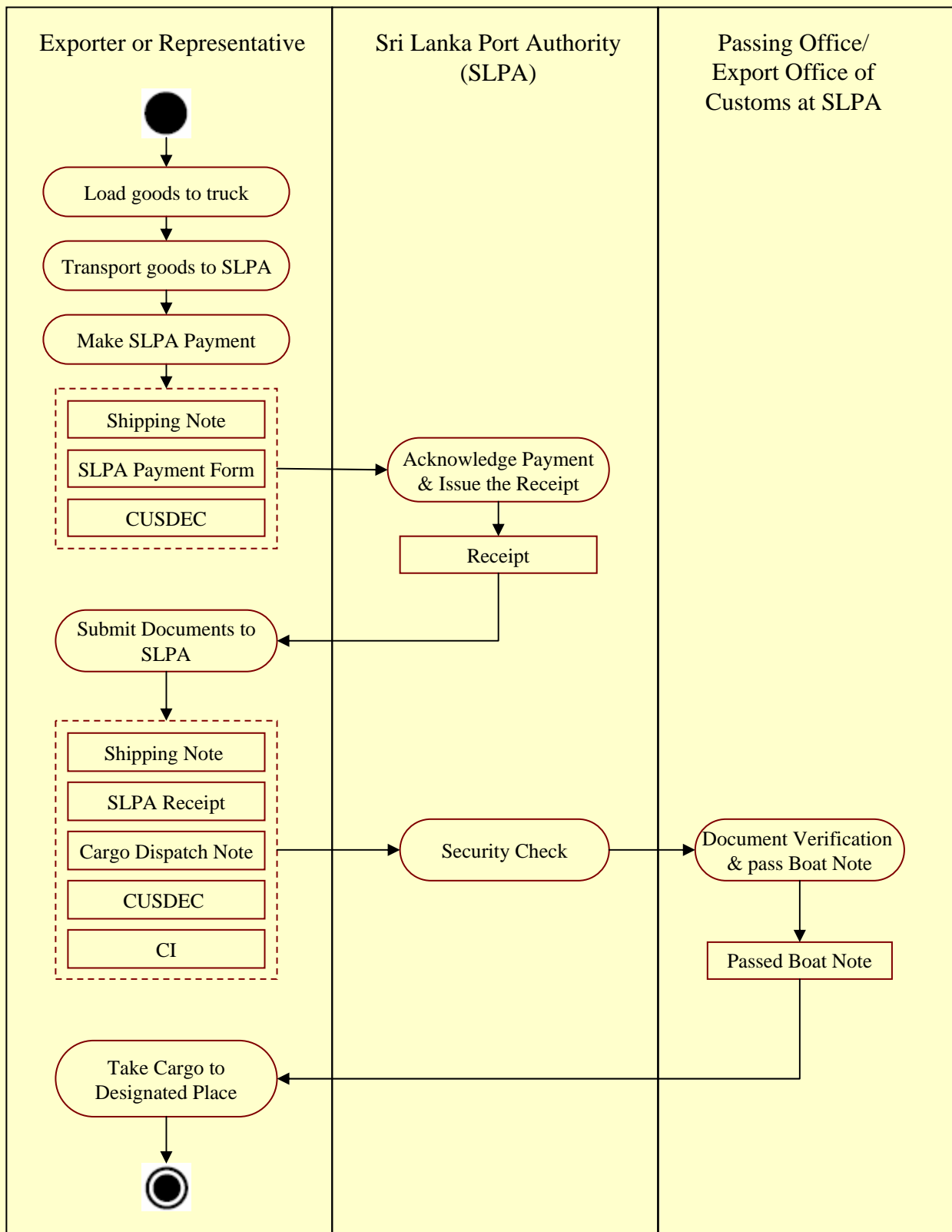
2.4 Lodge Customs Declaration Online



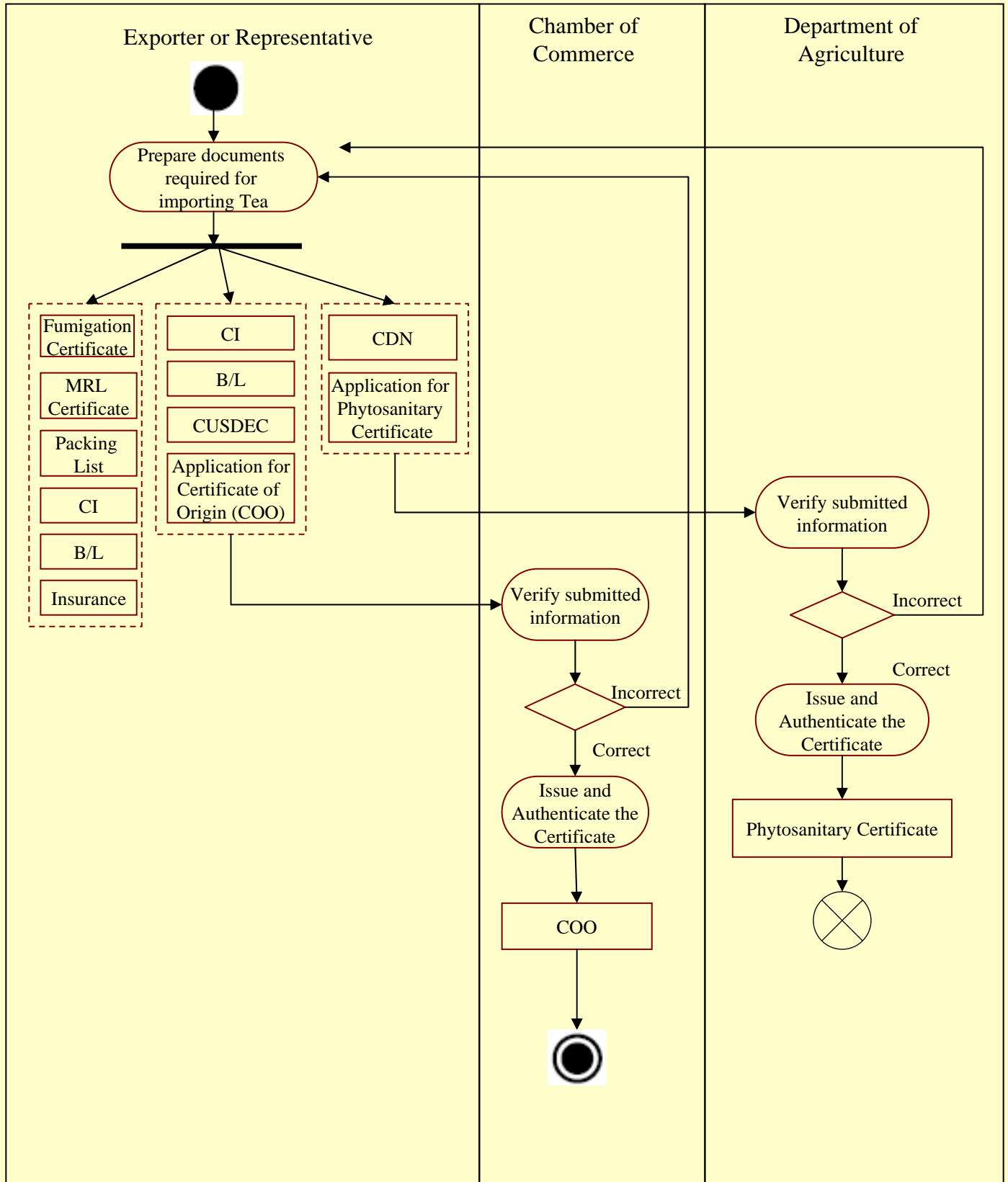
2.5 Clear Goods Through Customs



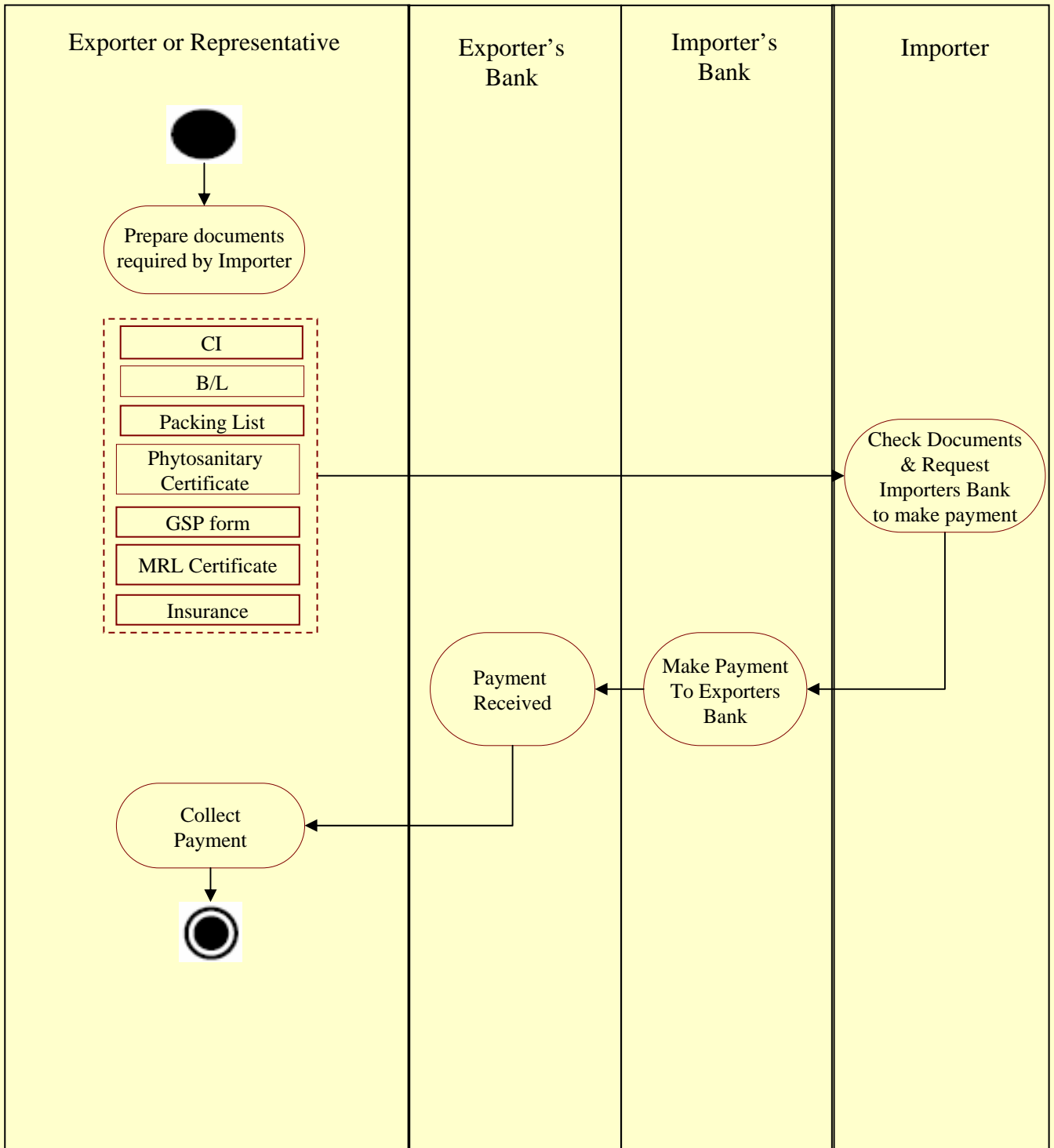
2.6 Transport to Port of Departure and Clearance



2.7 Prepare Documents Required by Importer



3. Pay – Telegraphic Transfer



Business Processes of Fabric Imports from India

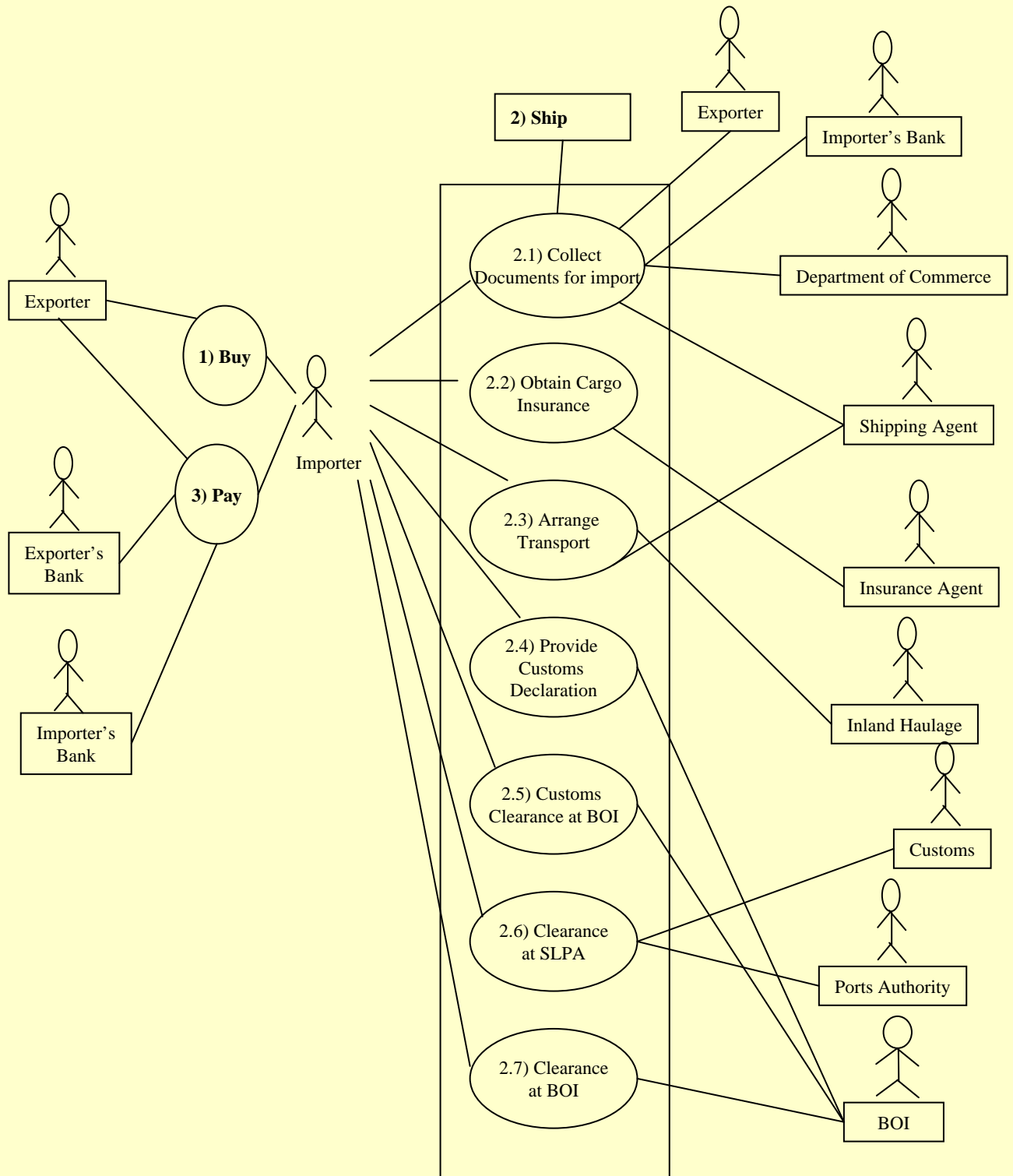
Documents

1. Proforma Invoice (PI)
2. Purchase Order (PO)
3. Application for the L/C
4. Letter of Credit (L/C)
5. Release Order (RO)
6. Customs Declaration (CUSDEC)
7. Commercial Invoice (CI)
8. Bill of Lading (B/L)
9. Packing List
10. Insurance
11. Certificate of Origin (COO)
12. Delivery Order (DO)
13. Assessment Note
14. SLPA Payment form
15. SLPA Payment Receipt
16. Gate Pass
17. Shipping Guarantee
18. Panel Examination Request Form

Agencies that need to be visited

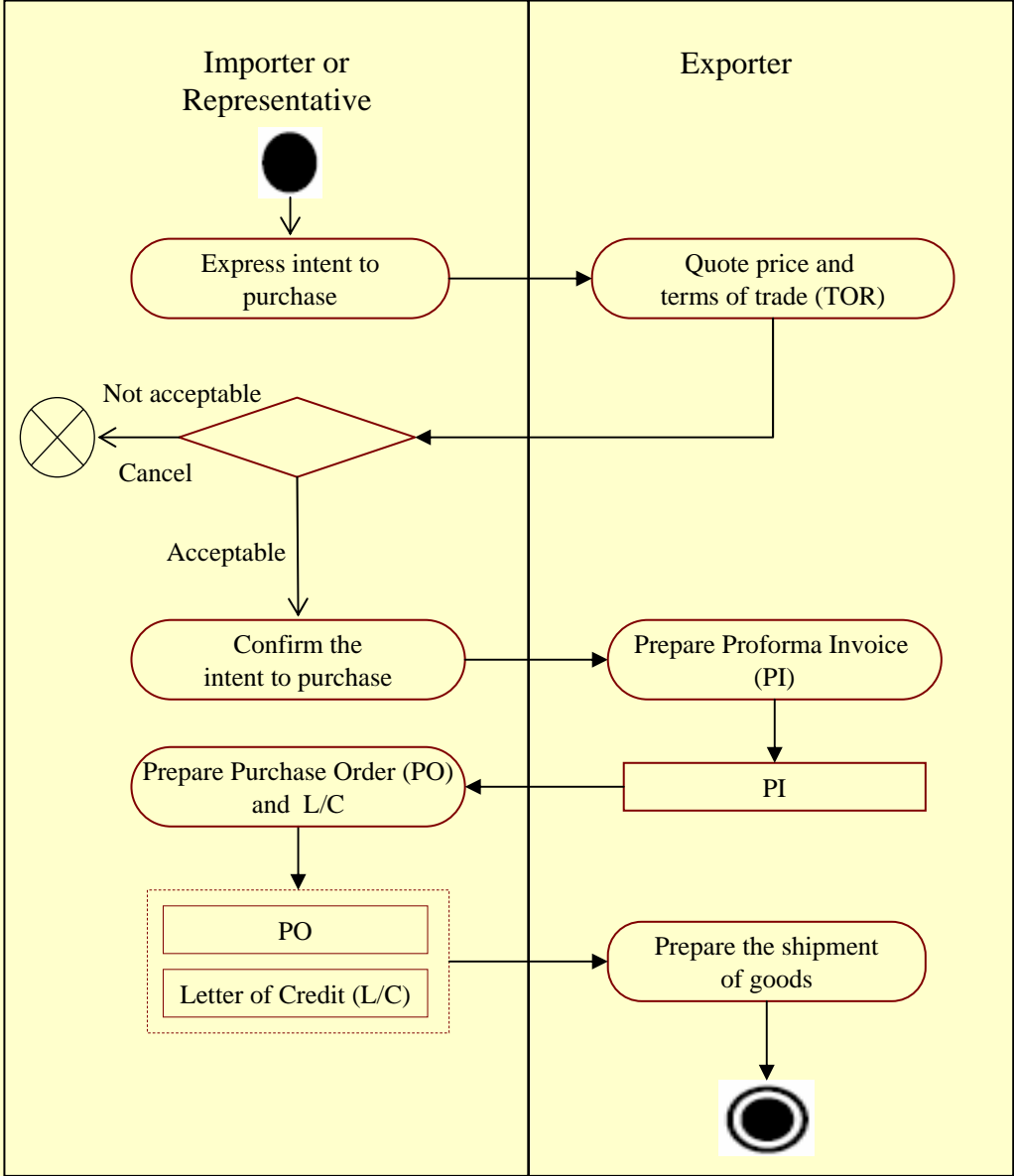
1. Bank
2. Shipping Agent
3. Department of Commerce or Ceylon Chamber of Commerce
4. Insurance Company
5. Sri Lanka Customs
6. Board of Investment (BOI) of Sri Lanka
7. Sri Lanka Ports Authority (SLPA)

Use Case: Import of Fabrics from India

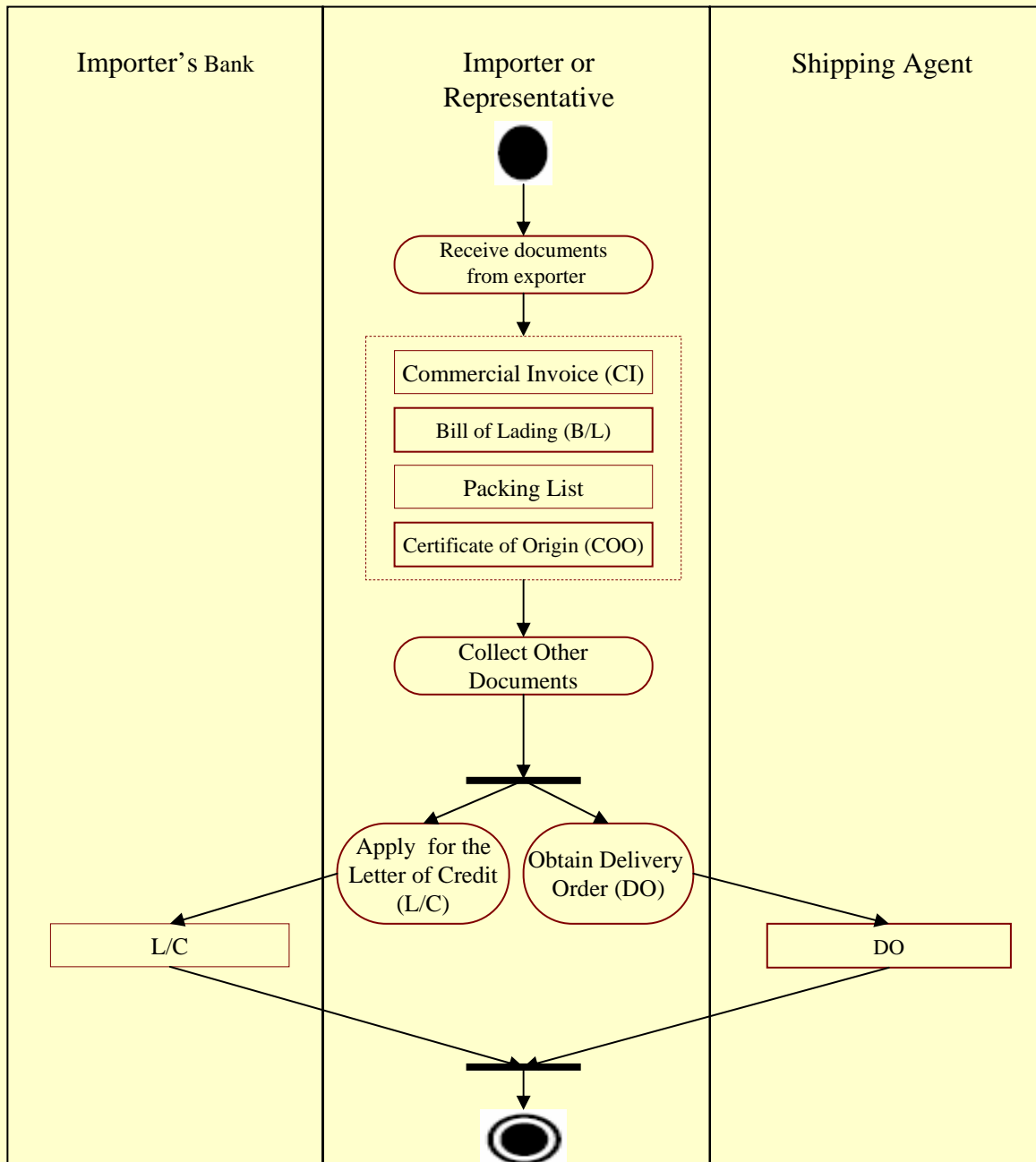


Activity Charts: Import of Fabric from India

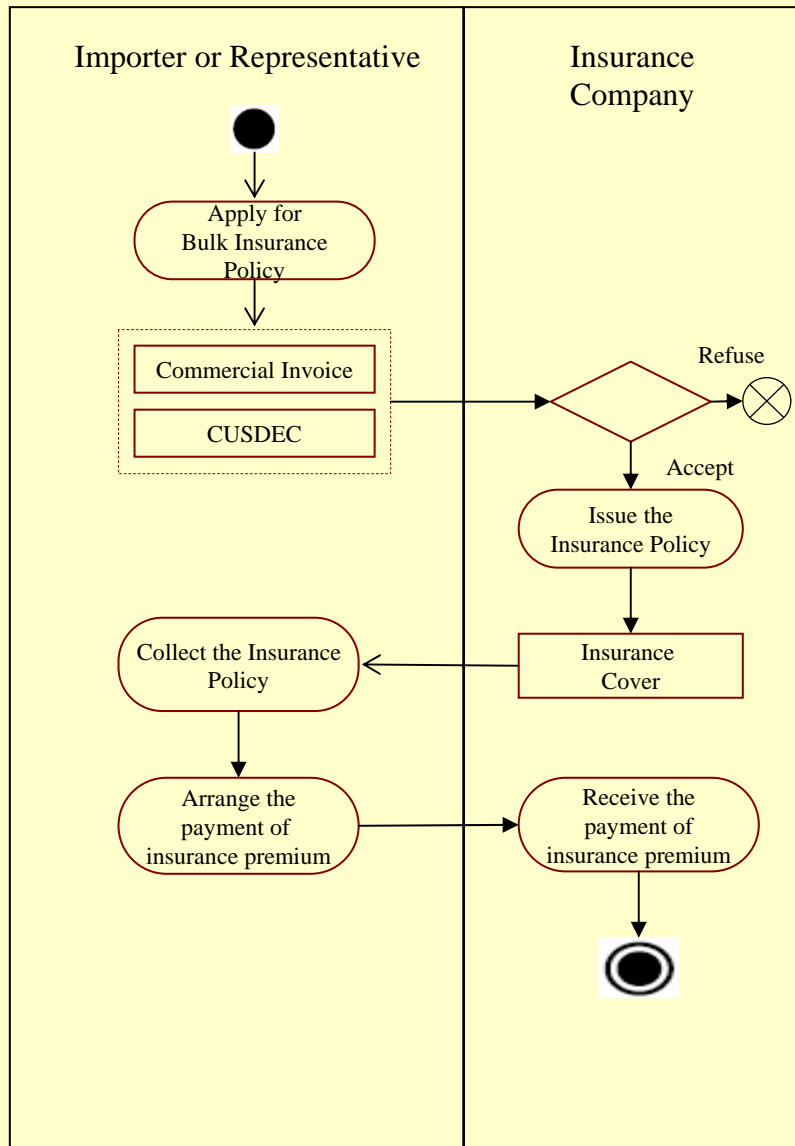
1. Buy



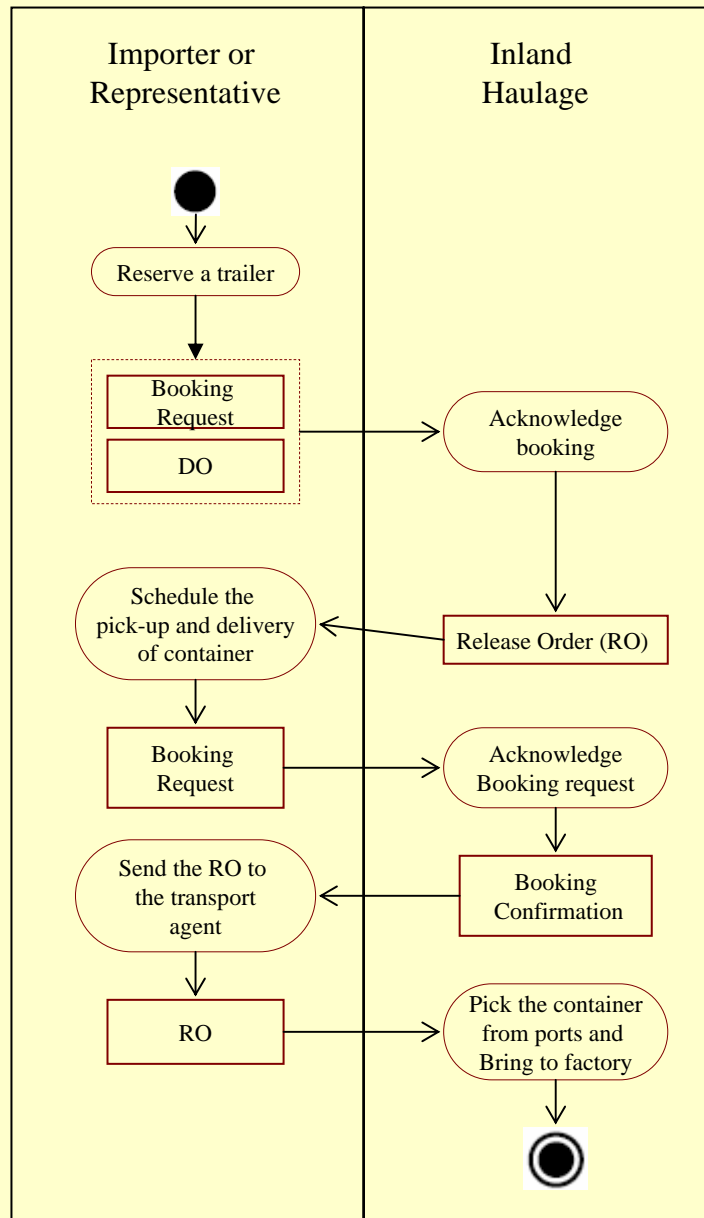
2.1 Collect Documents for Imports



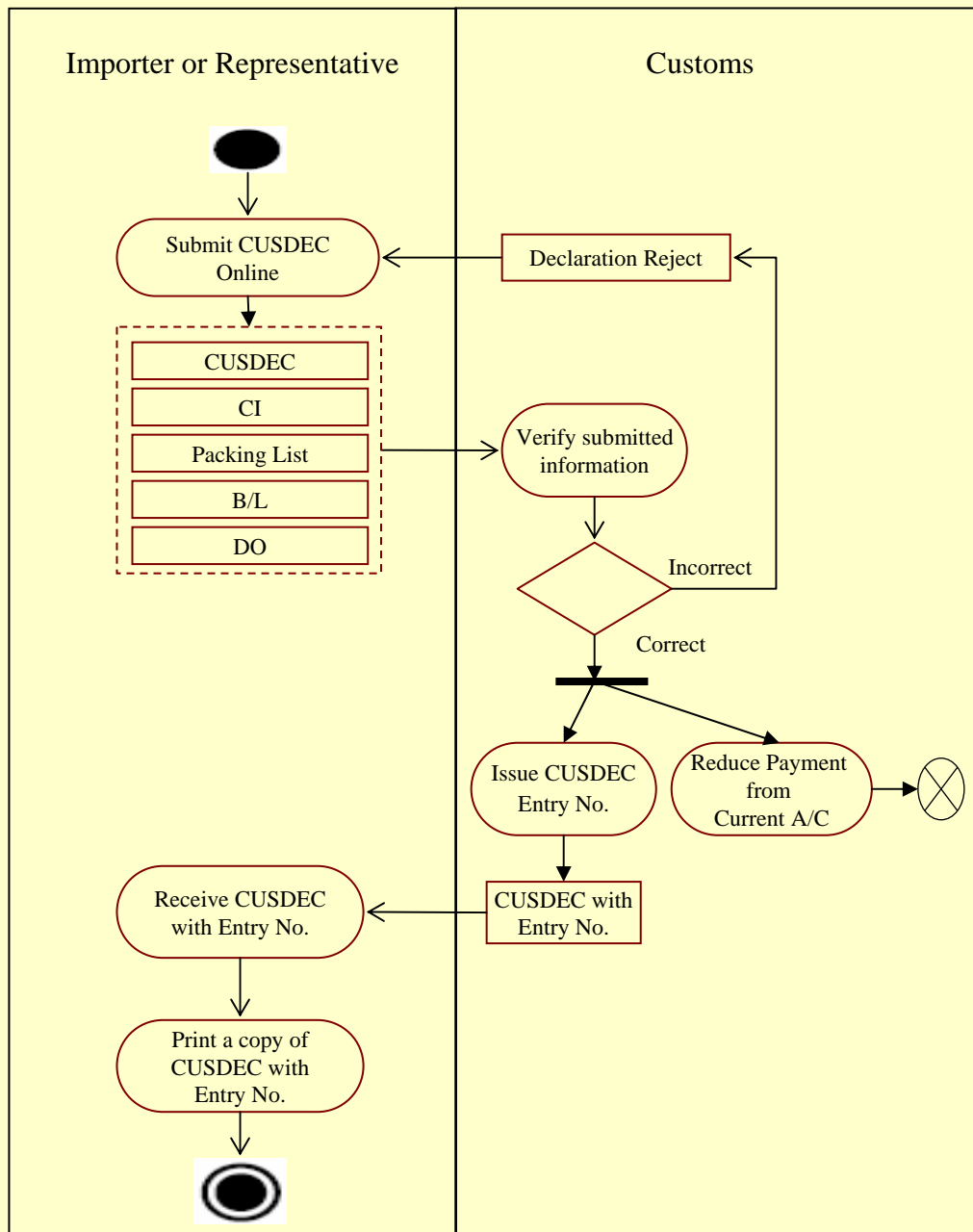
2.2 Obtain Cargo Insurance



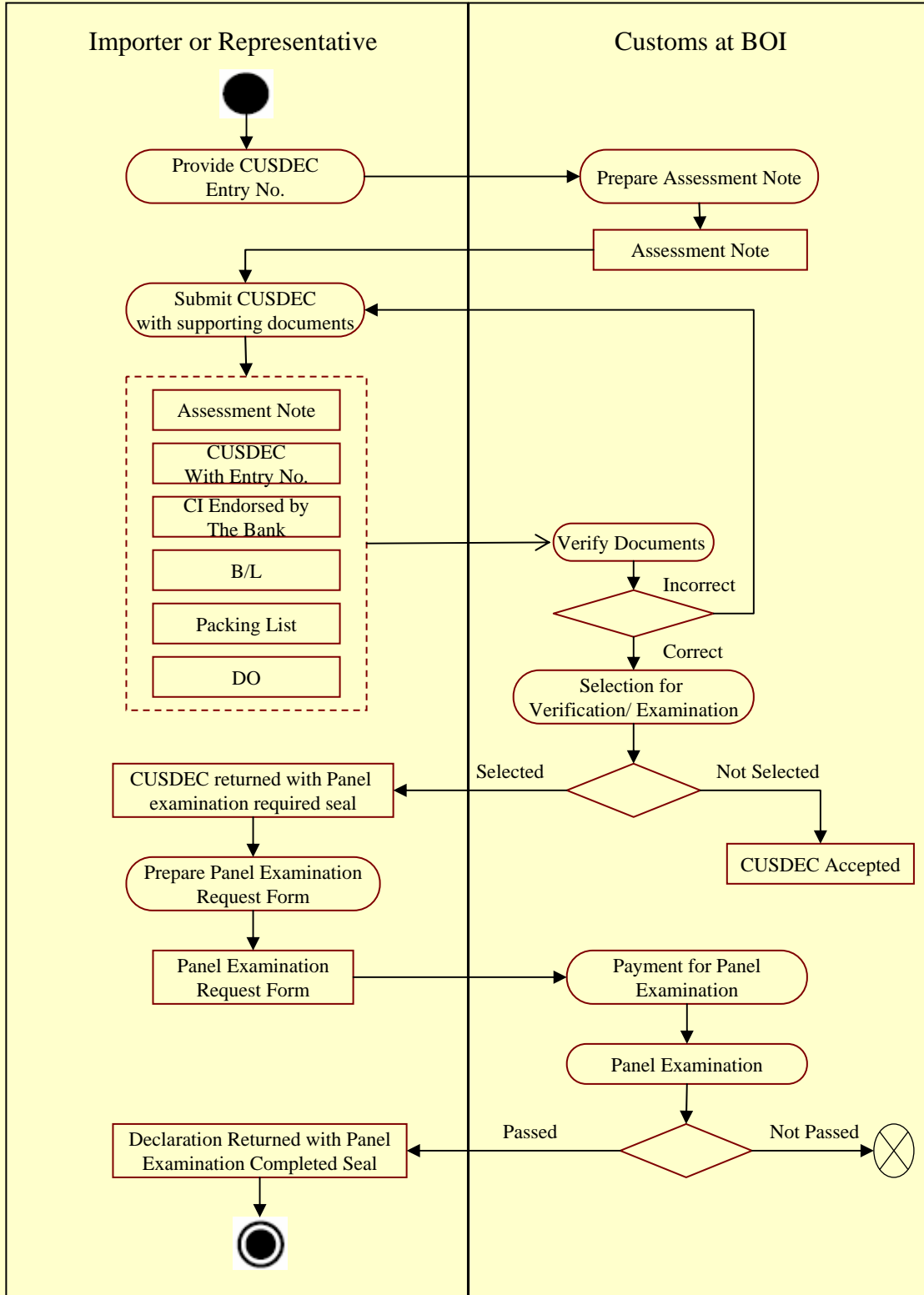
2.3 Arrange Transport



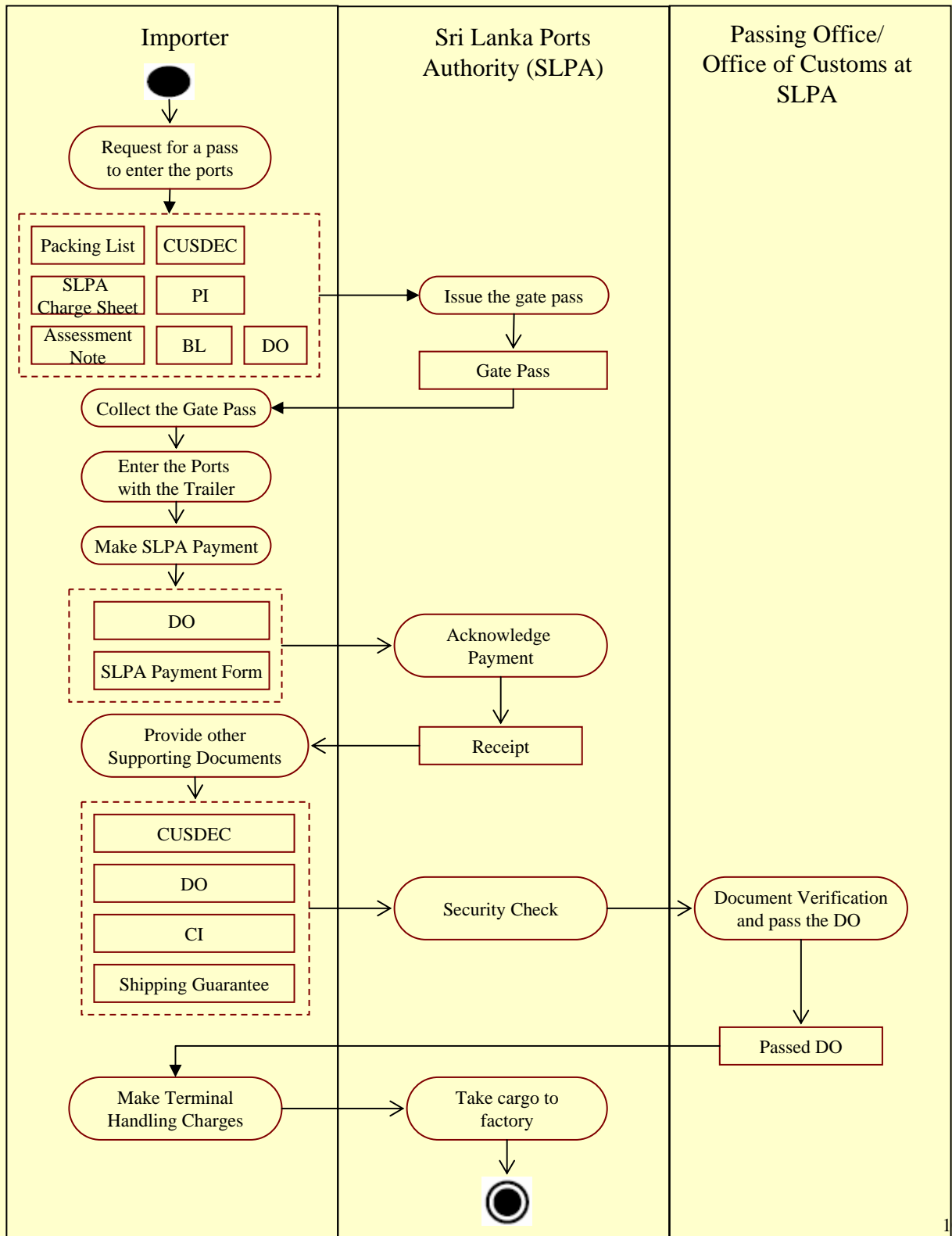
2.4 Provide Customs Declaration Online



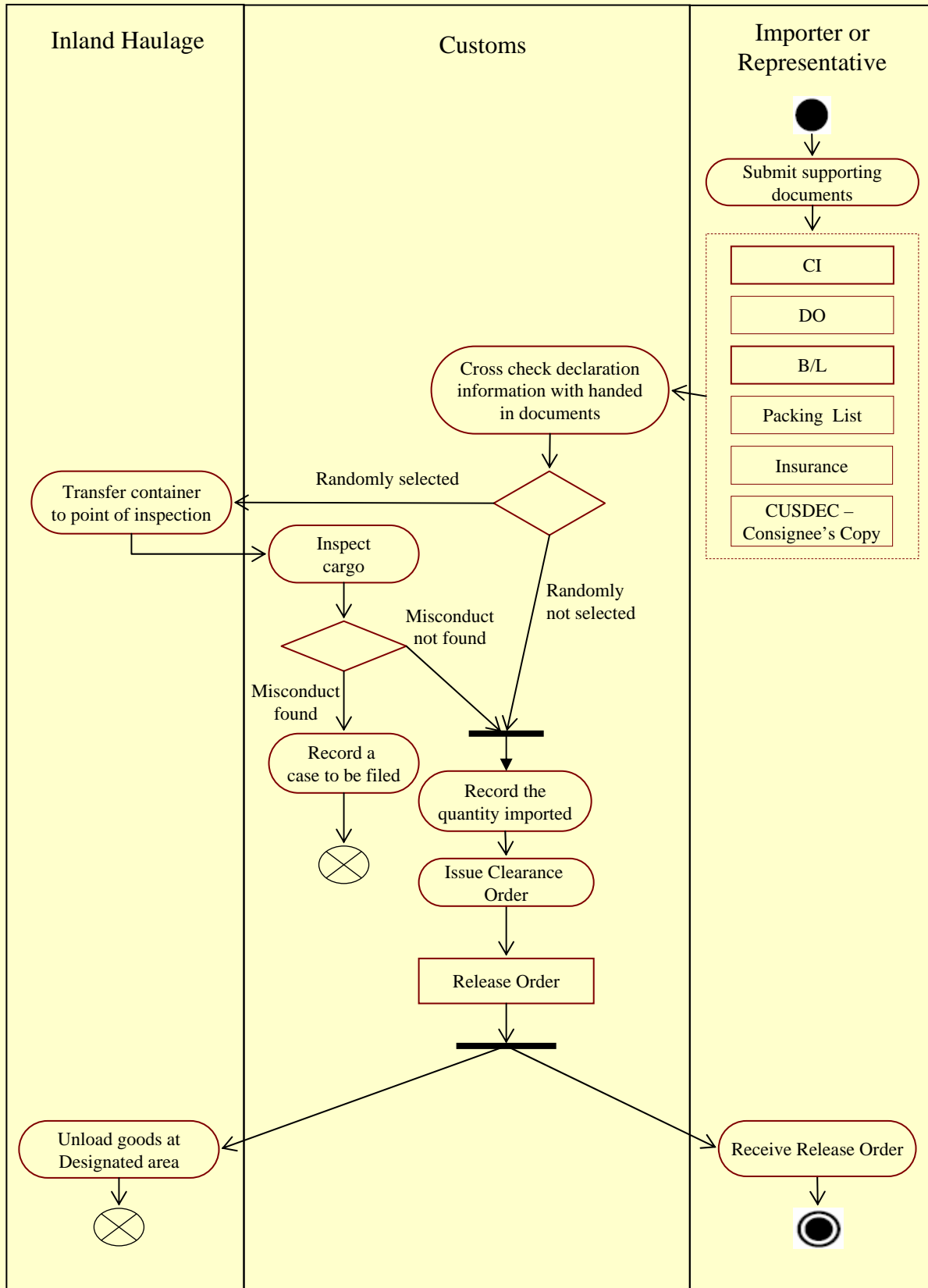
2.5 Customs Clearance at BOI



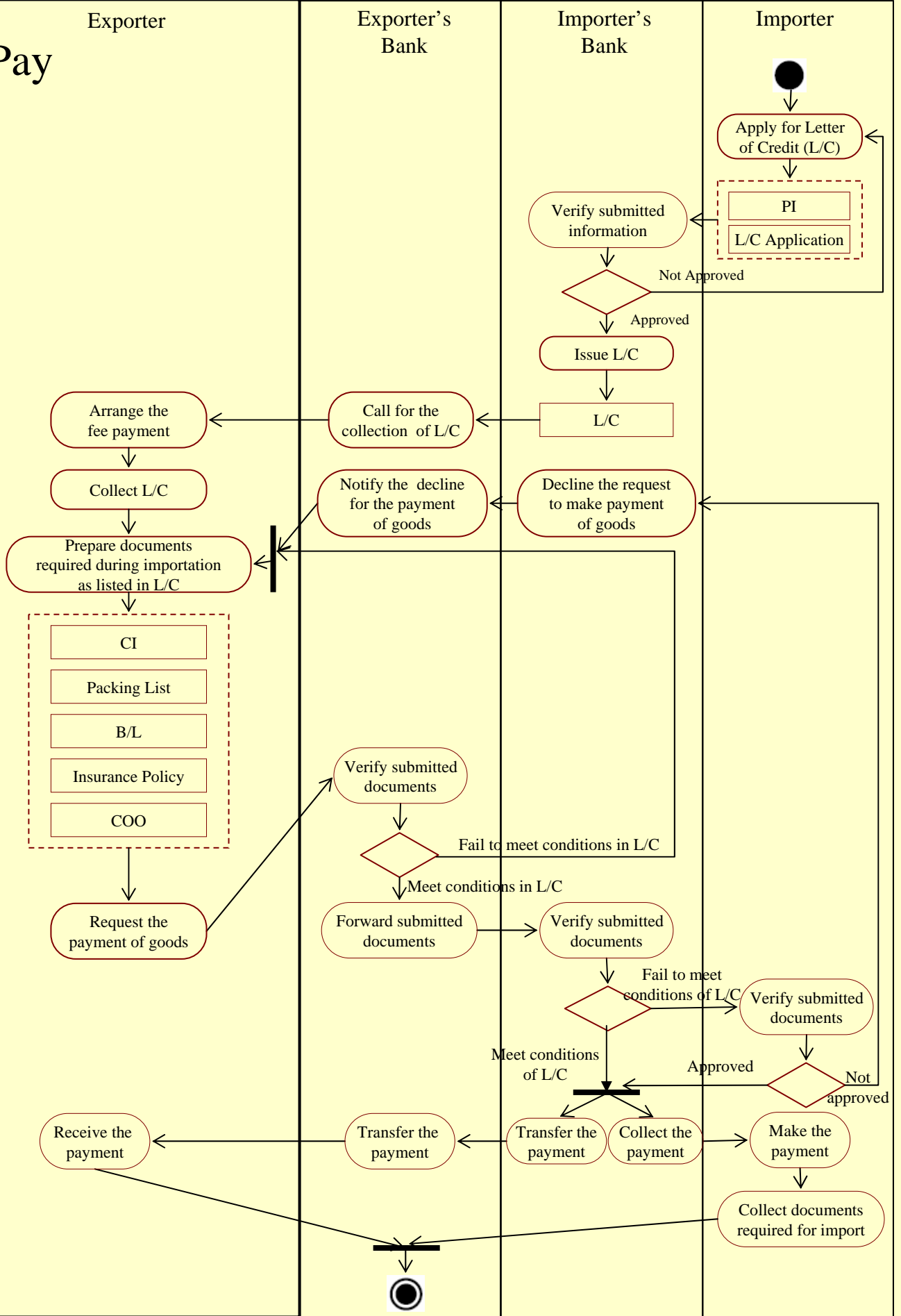
2.6 Clearance at SLPA



2.7 Clearance at the BOI



3. Pay



Business Processes of Tyre
Export from Sri Lanka to
India

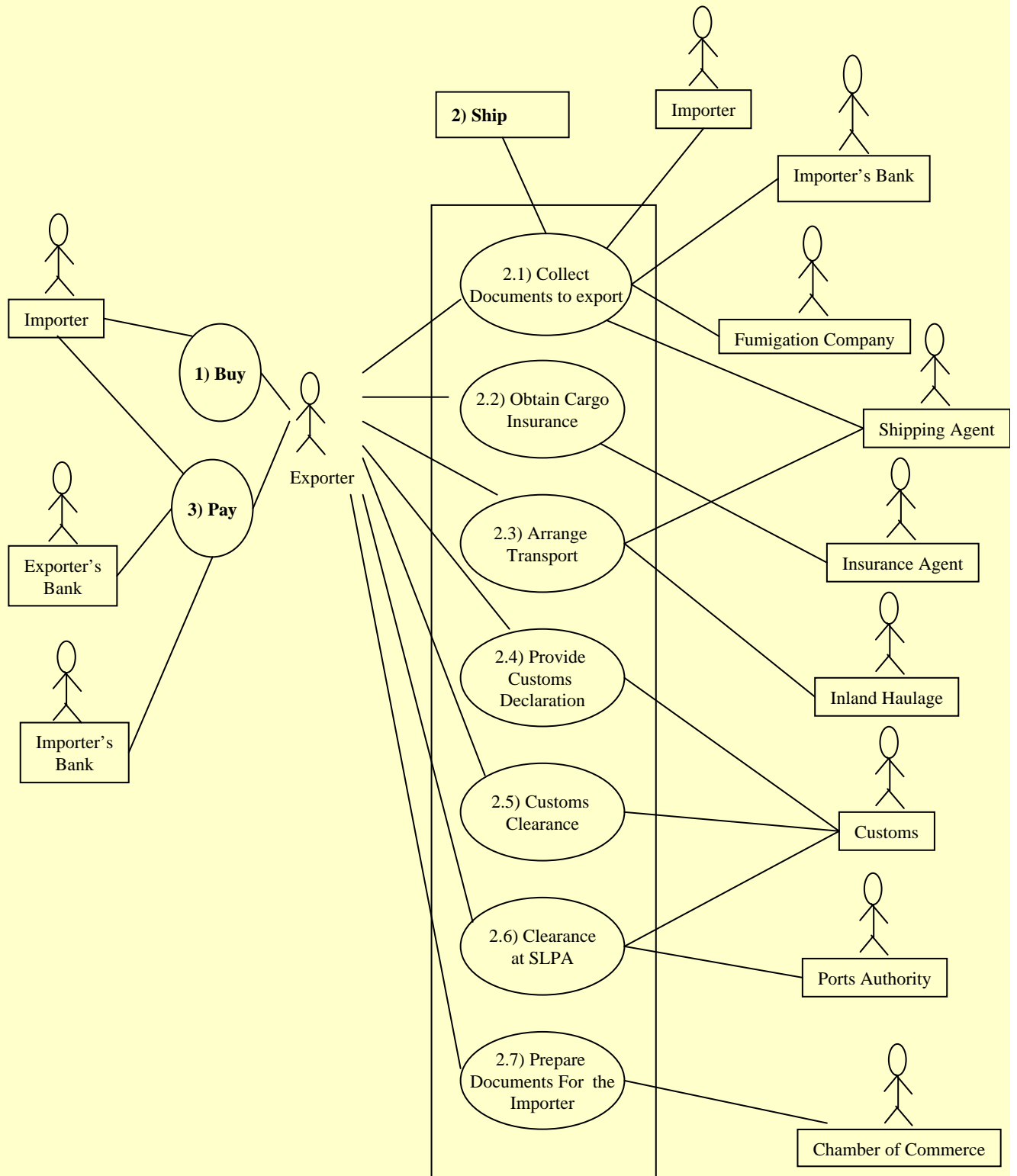
Documents

1. Proforma Invoice (PI)
2. Purchase Order (PO)
3. Commercial Invoice (CI)
4. Shipping Note
5. Release Order (RO)
6. Customs Declaration (CUSDEC)
7. Bill of Lading (B/L)
8. Packing List
9. Insurance
10. Cargo Dispatch Note (CDN)
11. Certificate of Origin (COO)
12. Delivery Order (DO)
13. Assessment Note
14. SLPA Payment form
15. SLPA Payment Receipt
16. Gate Pass
17. Panel Examination Request Form
18. Fumigation Request Form
19. Fumigation Certificate

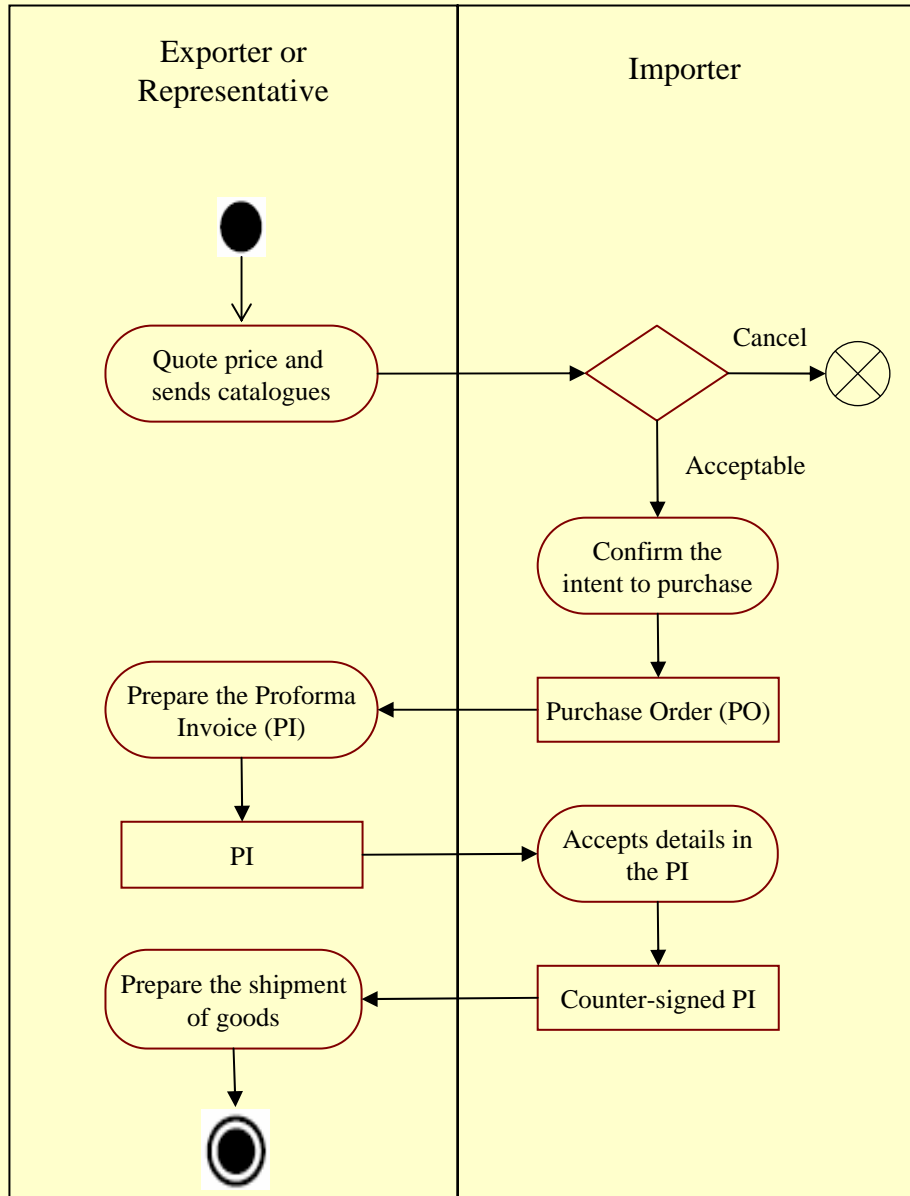
Agencies that need to be visited

1. Bank
2. Shipping Agent
3. Insurance Company
4. Sri Lanka Customs
5. Sri Lanka Ports Authority
6. Fumigation Company
7. Department of Commerce or Ceylon Chamber of Commerce

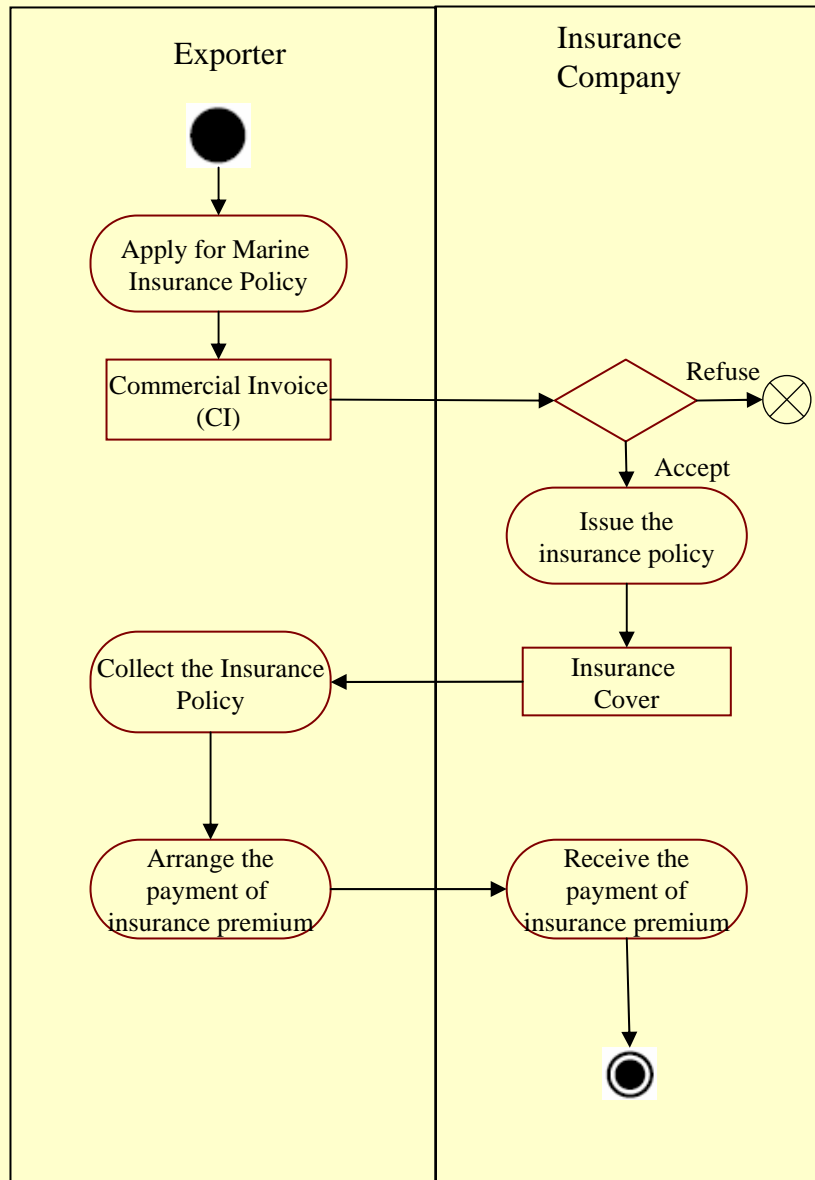
Use Case: Exports of Tyres to India



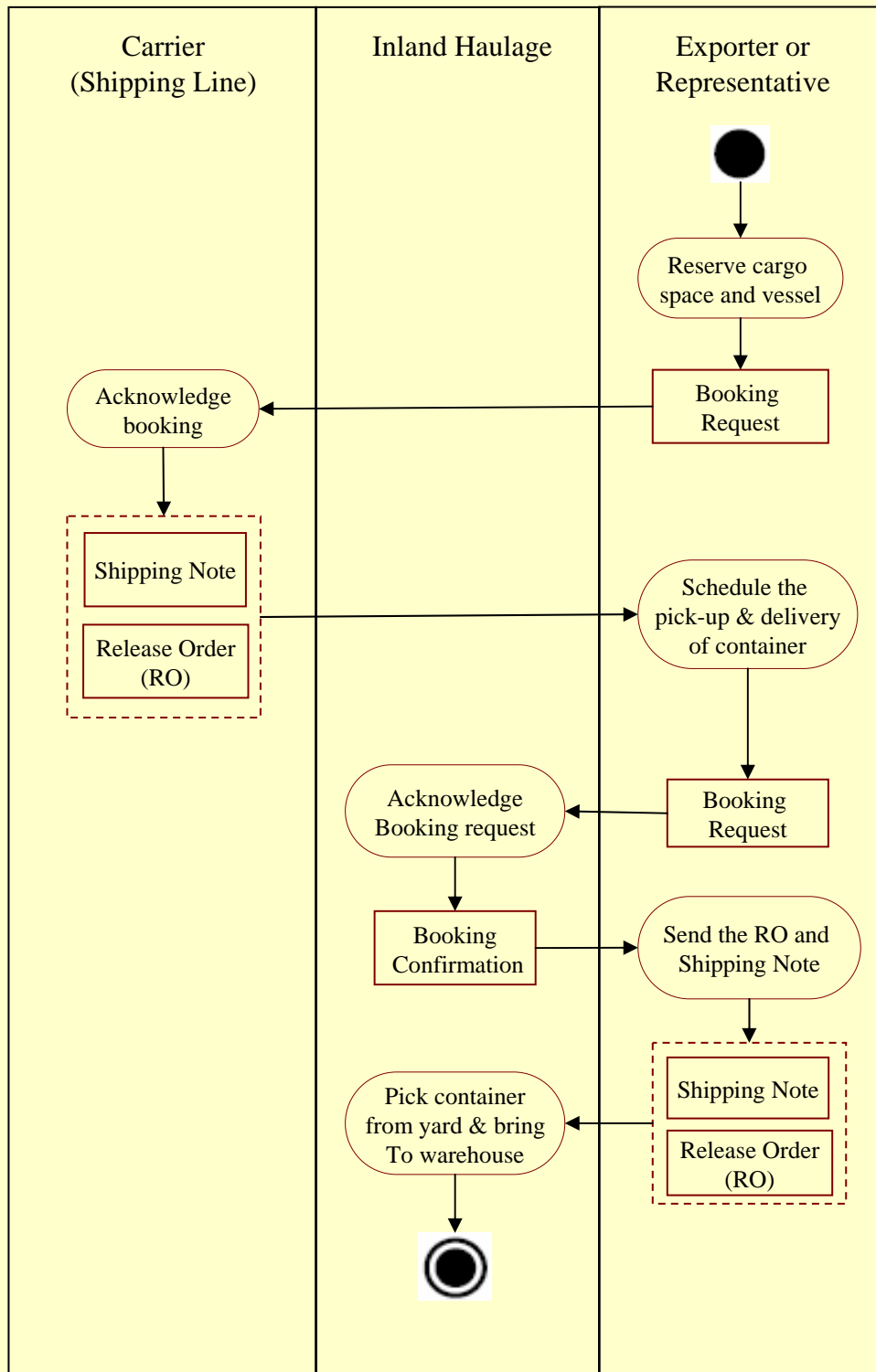
1. Buy



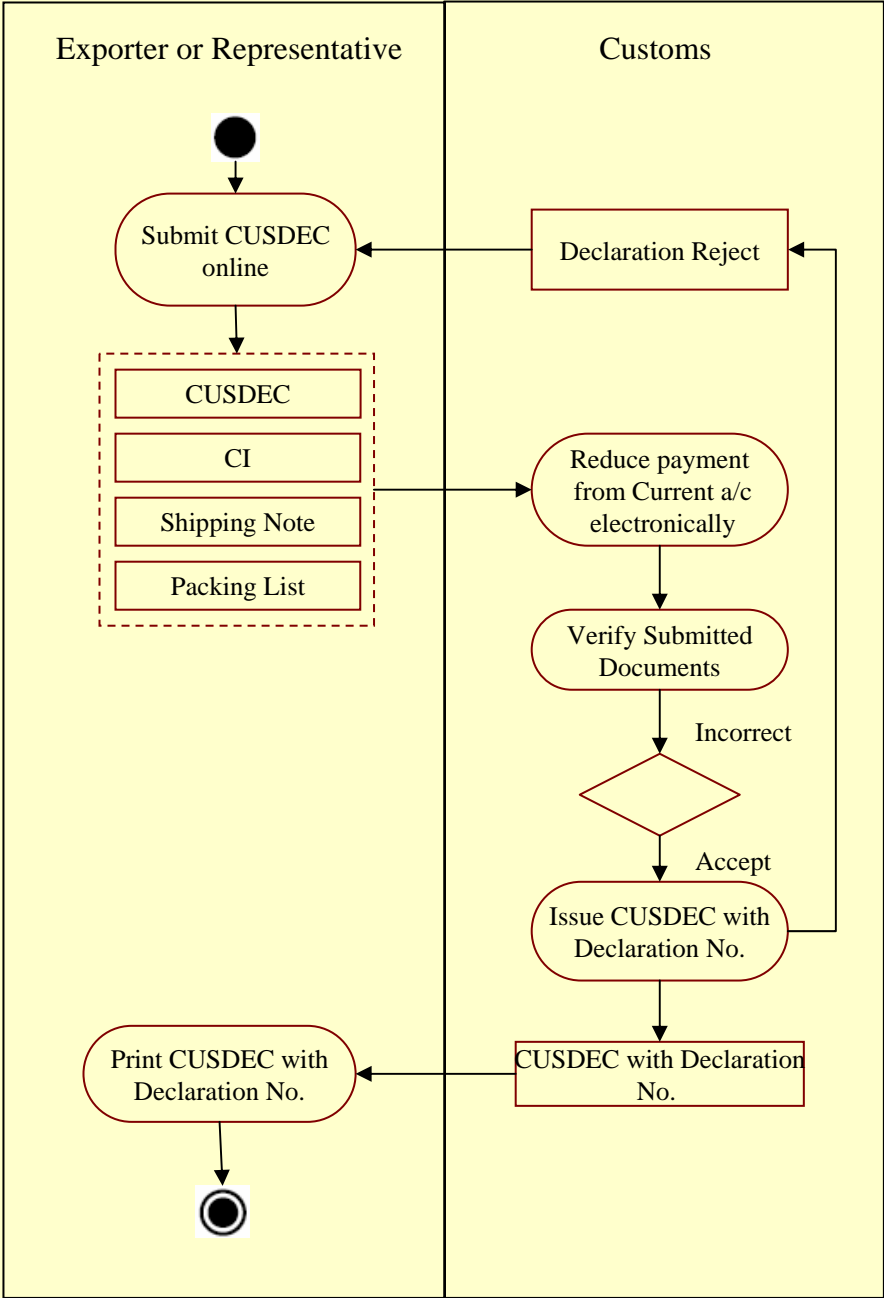
2.1 Obtain Cargo Insurance



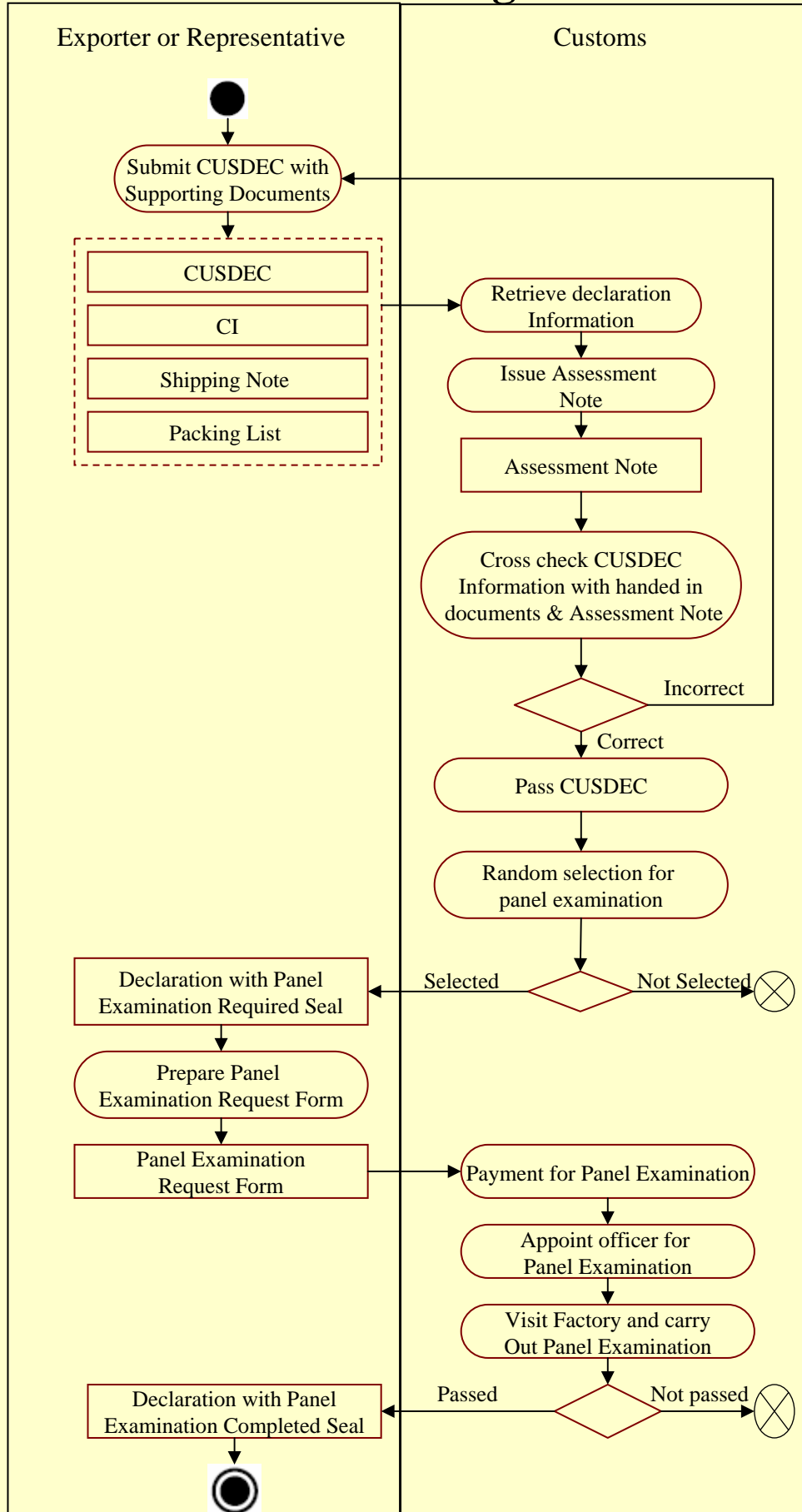
2.2 Arrange Transport



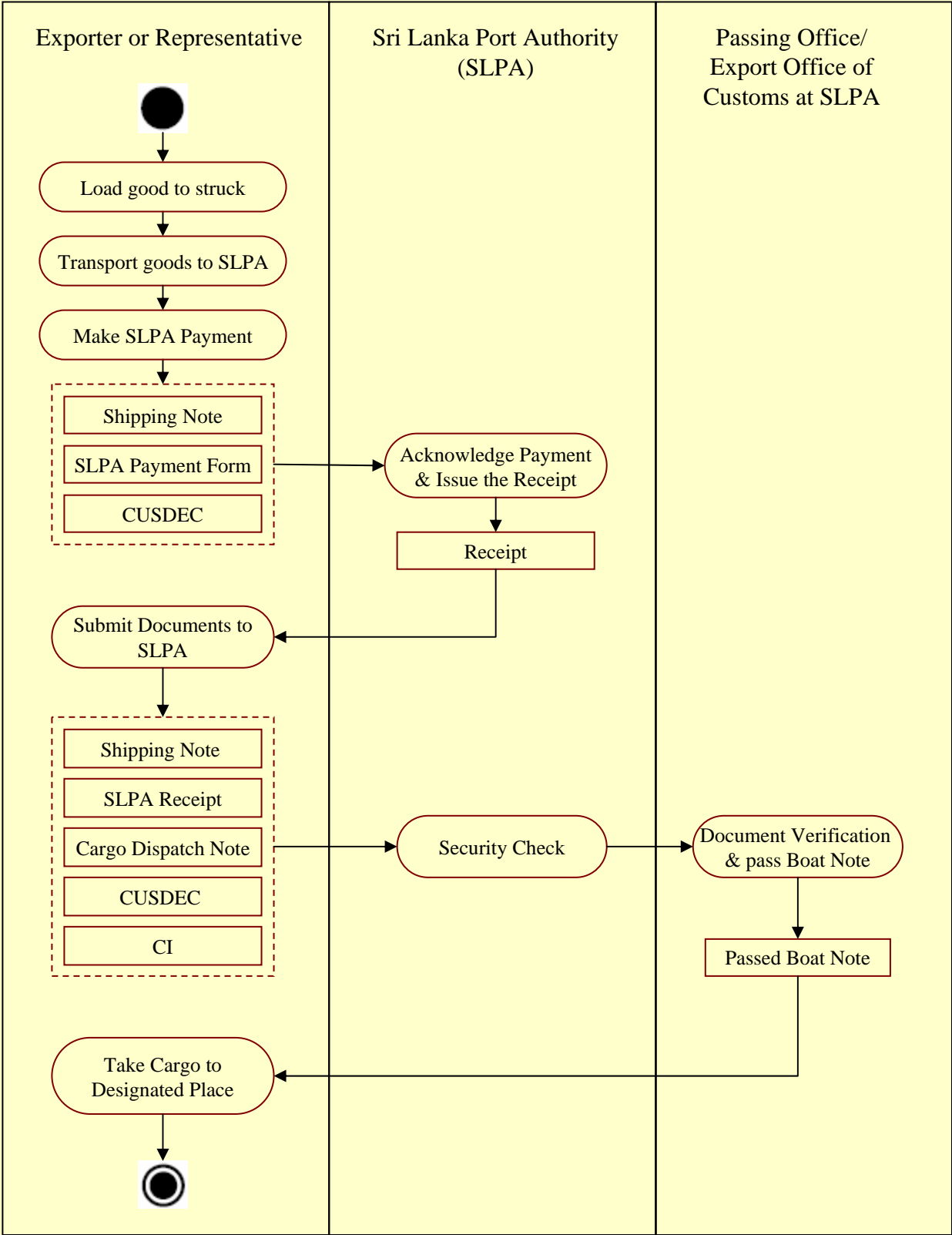
2.3 Lodge Customs Declaration Online



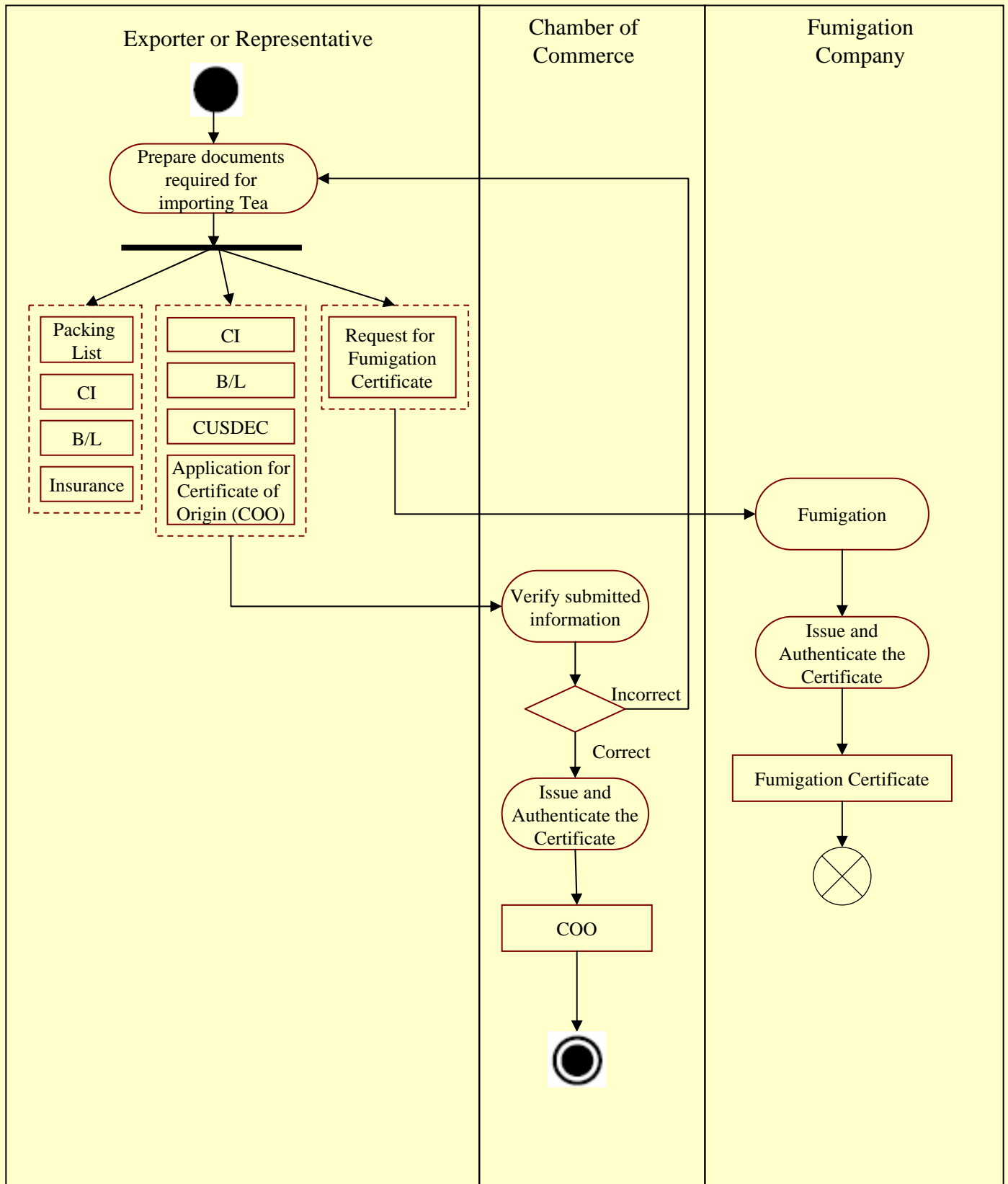
2.4 Clear Goods Through Customs



2.5 Transport to Port of Departure and Clearance



2.6 Prepare Documents Required by Importer



3. Pay – Letter of Credit

