

SRI LANKA FREIGHT FORWARDERS ASSOCIATION

COUNTRY REPORT

For

**The Regional Forum of Freight Forwarders,
Multimodal Transport Operators and Logistics Service Providers**

of

**The United Nations Economic and Social Commission for Asia
and the Pacific (UNESCAP)**

in

Bangkok, Thailand

4th June 2009

SRI LANKA FREIGHT FORWARDERS' ASSOCIATION

REPORT OF THE EXECUTIVE COMMITTEE FOR THE YEAR 2008 / 2009

CHAIRMAN	:	Mr. Ruwan Waidyaratne
VICE CHAIRMAN	:	Mr. Tony de Livera
TREASURER	:	Mr. Dushmantha Karannagoda
IMMEDIATE PAST CHAIRMAN	:	Mr. N Kadawatharatchie
ADVISORY COUNCIL	:	Mr. K R T Peiris Mr. Sunil Malawana Mr. Romesh David Mr. Sumith Guruge Mr. Charles Wijesundera Mr. Diren Hallock Mr. Hanif Yusoof

EXECUTIVE COMMITTEE

Dart Express Lanka (Pvt) Ltd
Expolanka Freight Ltd
Freight Systems Logistics Lanka (Pvt) Ltd
Hellmann Worldwide Logistics (Pvt) Ltd
Mack International Freight (Pvt) Ltd
Phoenix International Logistics Lanka (Pvt) Ltd
Speedmark Transportation Lanka (Pvt) Ltd

SECRETARIAT

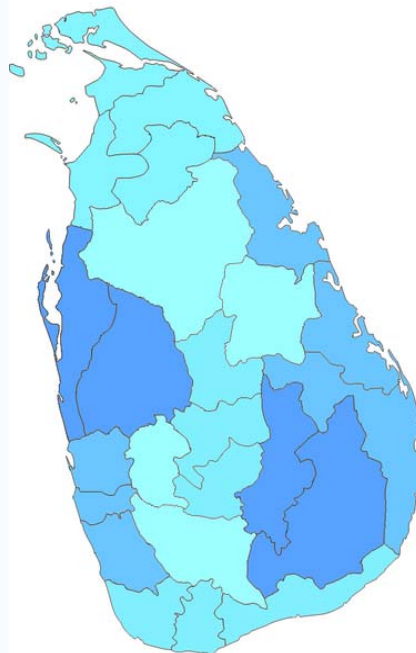
**The Ceylon Chamber of Commerce
50, Nawam Mawatha
Colombo 02.**

Democratic Socialist Republic of Sri Lanka



Capital	-	<i>Sri Jayawardenapura Kotte</i>
Commercial Capital	-	<i>Colombo</i>
Official Languages	-	<i>Sinhala, Tamil</i>
Language for inter-ethnic communication	-	<i>English</i>
Ethnic Groups	-	<i>73% Sinhala, 13.9% Tamil, 7.2% Moors 4.6% Indian Tamils, 0.5% Others</i>
Independence	-	<i>February 4, 1948</i>
Total Area	-	<i>65,610 sqkm</i>
Total Population	-	<i>20,242,000 (estimate 2009)</i>

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



INTRODUCTION

Sri Lanka Freight Forwarders' Association was established in 1981 as the main representative body of the freight forwarding companies serving the logistics industry in Sri Lanka. Today the Government of Sri Lanka and its agencies have recognized SLFFA as the Apex body of the industry.

SLFFA currently has 89 leading Freight Forwarding Companies in its membership who contribute more than 80% turnover of the industry. It is a member of The Federation of Asia Pacific Air cargo Associations (FAPAA) and the International Federation of Freight Forwarders' Associations (FIATA).

The Sri Lanka Freight Forwarders' Association works towards taking advantage of Sri Lanka's strategic geographical location to get the maximum benefits to its members and to the industry. It has identified the need for greater investment for the development of Air and Sea freight, infrastructure facilities and in skills development and capacity building for its personnel in its quest in becoming the regional distribution hub. SLFFA played an active role in developing a comprehensive maritime policy for Sri Lanka and in formulating a National Civil Aviation Development Plan towards achieving this objective.

The Association continues to maintain an active dialogue amongst its members and with all other trade associations, as well as Government and statutory bodies, in order to develop local and international trade and commerce while maintaining the standard of the freight forwarding industry.

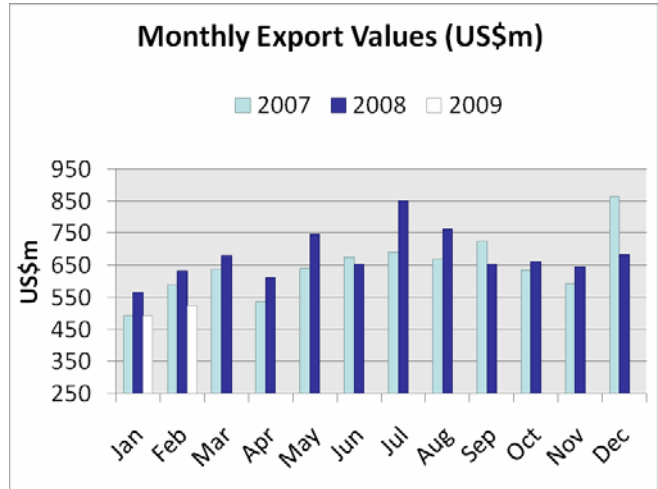
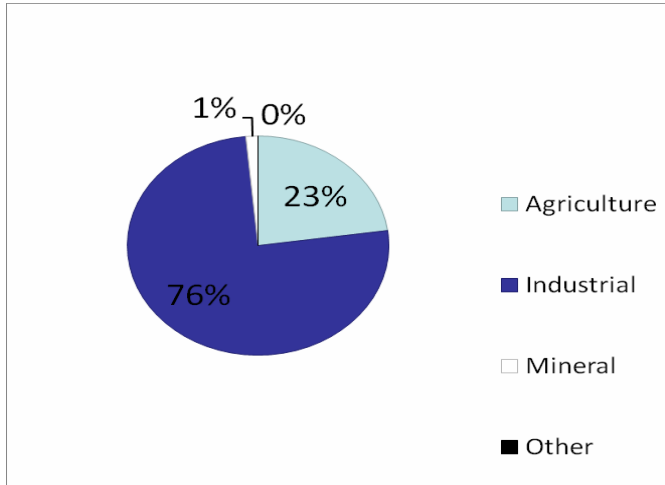
The Association is mindful of the developments taking place in the international freight forwarding arena and tries to keep the Sri Lankan freight forwarding industry abreast with the rest of the world.

STATISTICS

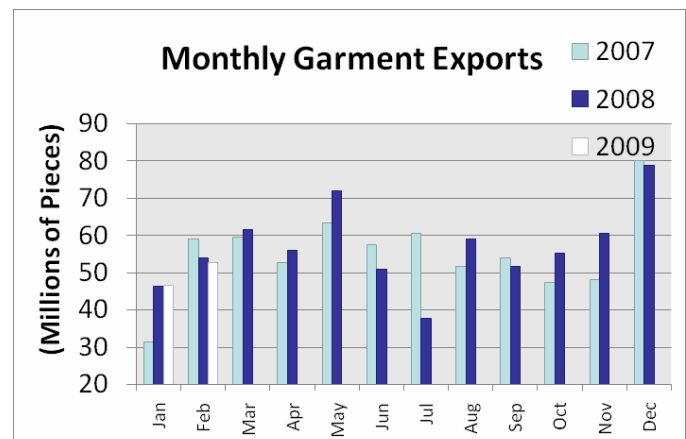
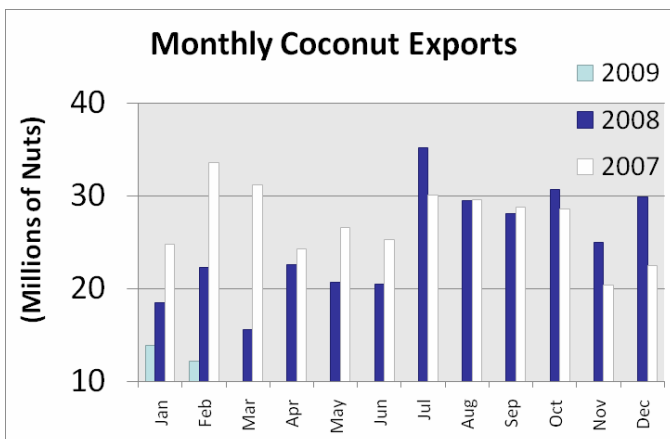
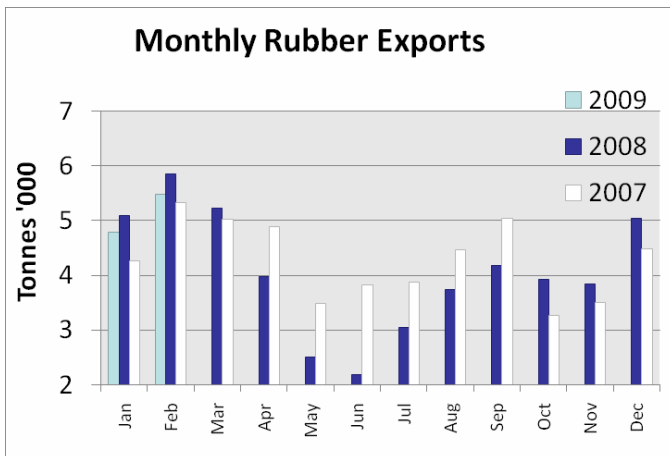
EXTERNAL TRADE

Exports for February:

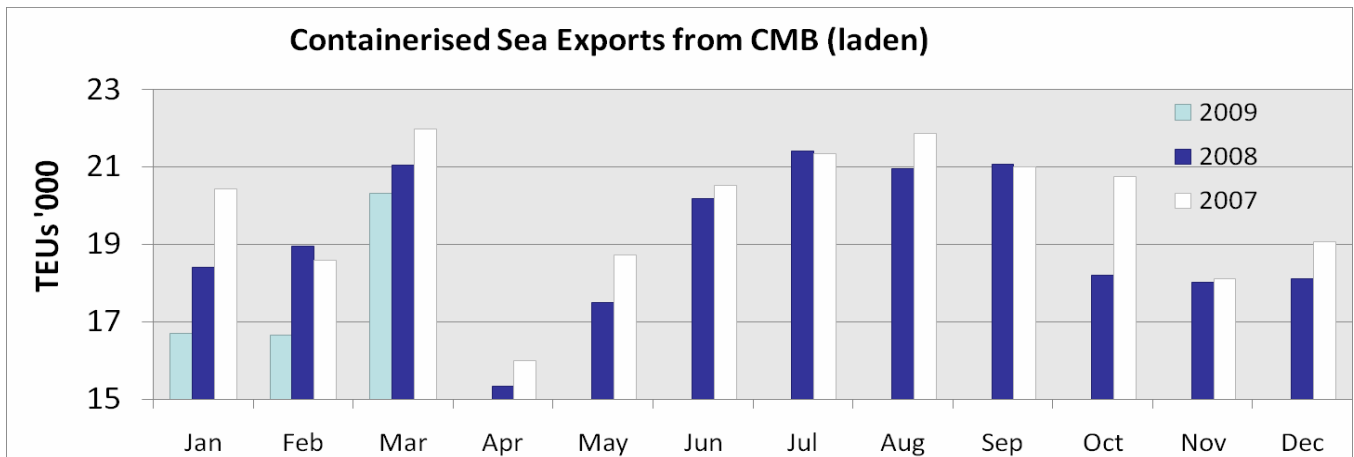
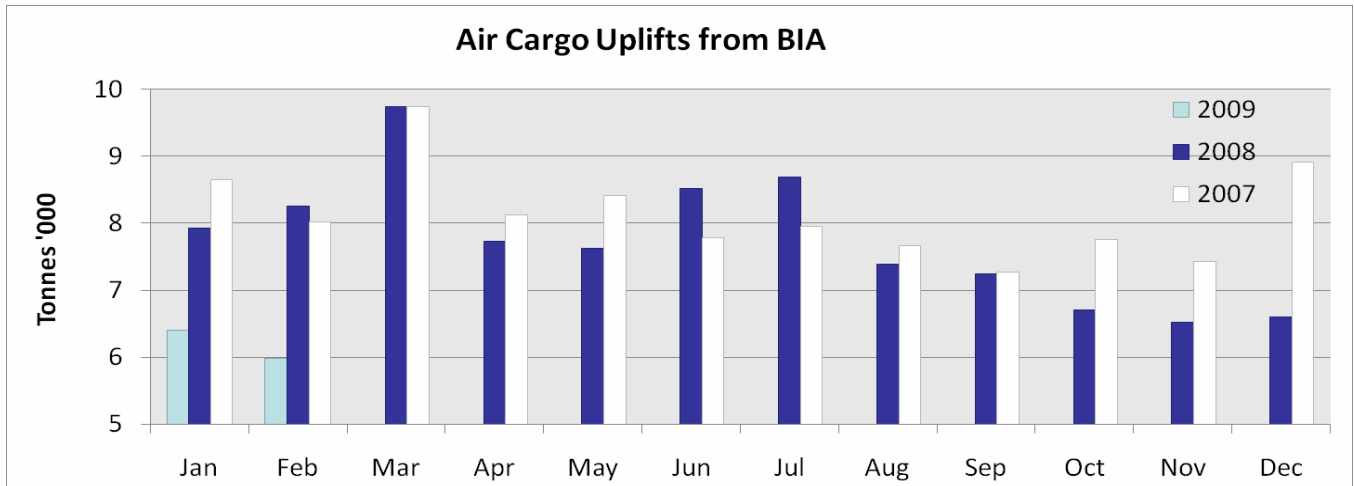
- ↓13% change in Rupee terms (vly) Rs. 60bn
- ↓17% in US\$ terms (vly) to \$ 524mn
- ↑7% from last month



DOMESTIC EXPORTS



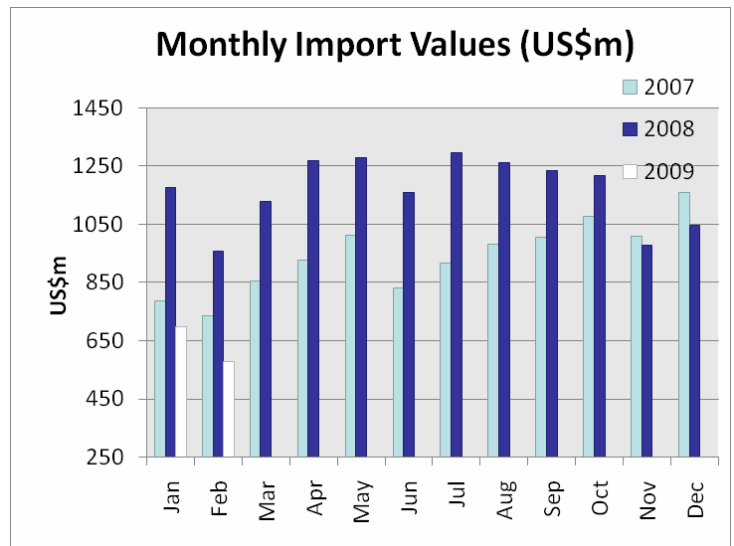
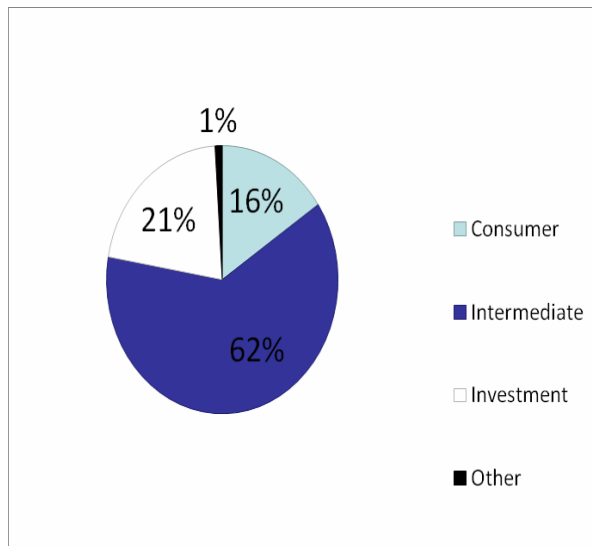
EXPORT VOLUMES



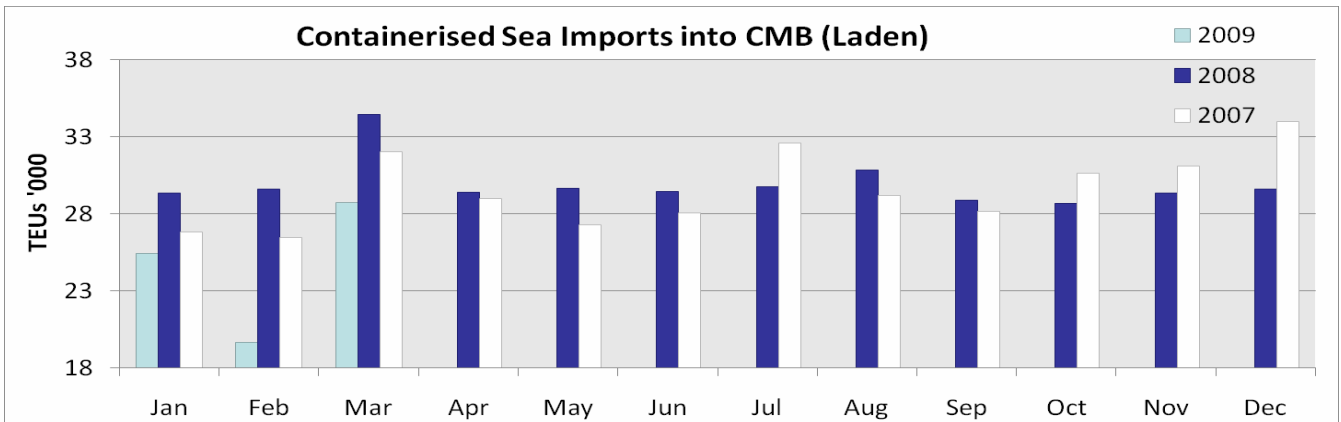
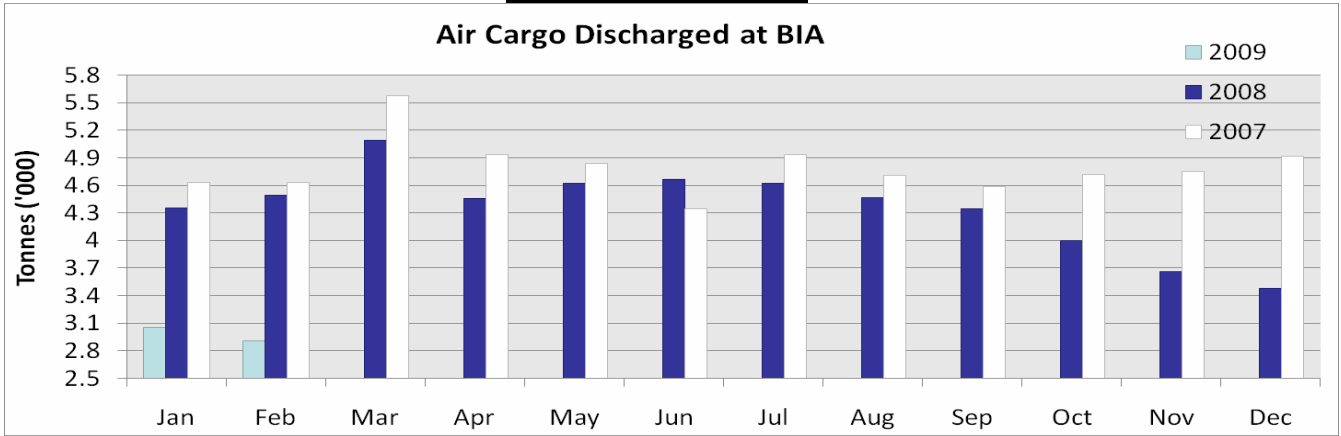
EXTERNAL TRADE (Contd.)

Imports for February:

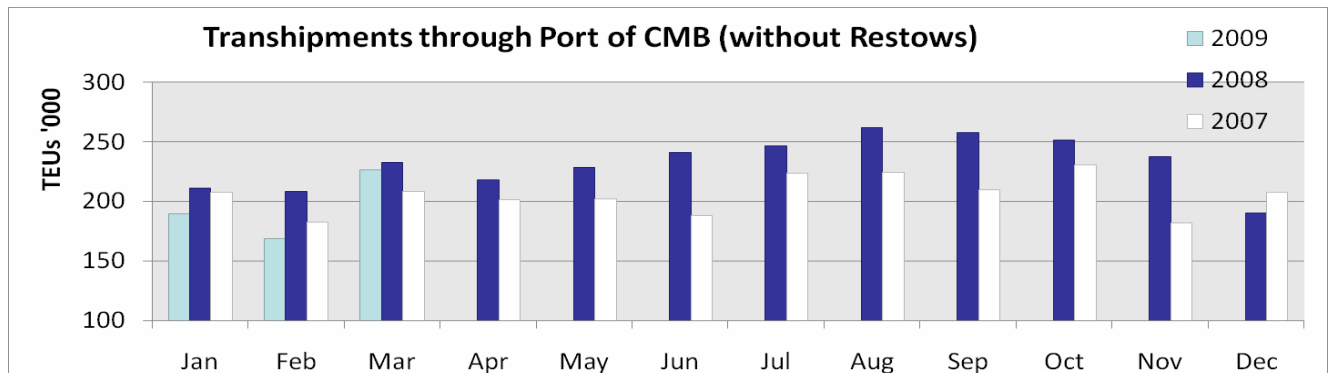
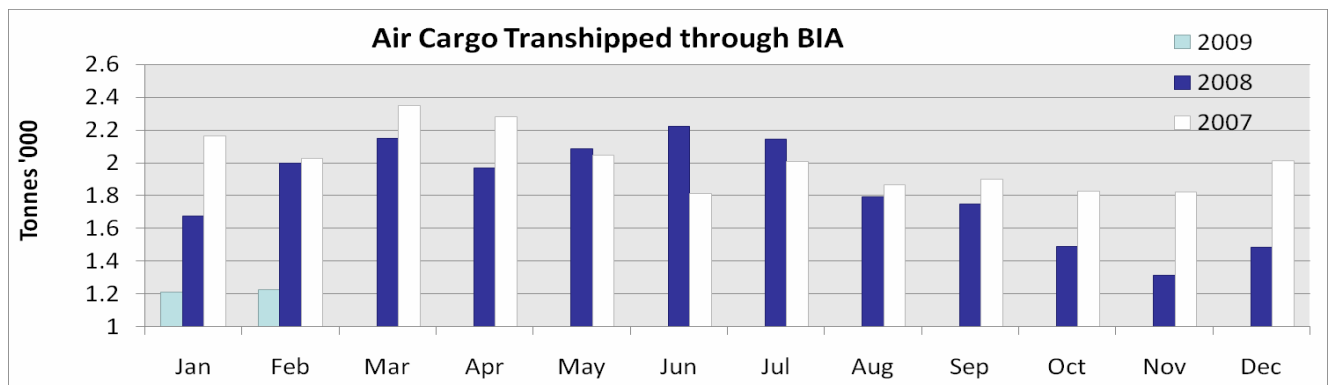
- ↓36% in Rupee terms (vly) at Rs.66bn.
- ↓40% in US\$ terms (vly) at \$ 578mn.
- ↓17% from last month



IMPORT VOLUMES



TRANSSHIPMENTS



INDUSTRY AFFAIRS

Freight Forwarders' Licensing Regulations

Following the Court of Appeal's ruling in favour of SLFFA by declaring that the Regulations for Licensing of Freight Forwarders and NVOCC Operators submitted by the Director General of Merchant Shipping (DMS) of the Ministry of Ports, Shipping & Aviation and gazetted by the Cabinet, was illegal and ordering that it be quashed, the Association was invited by the Director General of Merchant Shipping for a fresh dialogue on this subject.

Several discussions were held with DMS to express concerns of SLFFA on regulating the industry. DMS was again insistent on introducing regulations for Licensing of Freight Forwarders and NVOCC Operators, without studying in detail the workings and practices of the industry.

At this juncture the association expressed its views and concerns and forwarded suggestions to be considered in the event new regulations were to be drafted.

Handling of MCC Cargo at the Port

The Sri Lanka Customs had implemented a regulation where MCC Cargo (Multi-Country Consolidation) had to be handled within the Port premises and all local cargo had to be brought into the Port for consolidation, though Customs had previously given permission to rework the MCC cargo in approved locations outside the port premises. As a result of this, all MCC operations were severely hampered and smooth flow of cargo was disrupted.

SLFFA made representation to the relevant government officials to seek their assistance and intervention on this matter. Following the representations made by SLFFA, a separate warehouse was arranged within the premises of the Colombo Port for handling of MCC cargo. Furthermore, after much deliberation, permission was granted by the Customs during the last quarter of 2008, for MCC cargo to be handled once again in the approved facilities outside the port premises whilst continuing to handle cargo in the facility within the port as well.

CASS IN SRI LANKA

SLFFA continues to stand by its decision of opposing the implementation of CASS under the operating instructions proposed by IATA. SLFFA's standpoint in this regard was expressively communicated to IATA.

DEVELOPMENT OF THE AIR CARGO INDUSTRY

The Association commends the Government initiatives in the development of the Airport and stresses the importance of speedy implementation of such initiatives. SLFFA has intimated to the Government the importance of consulting the relevant trade bodies and the users when such development activities are planned.

THE AIR CARGO VILLAGE (ACV)

Security

It has been decided to upgrade the present CCTV system at ACV with a view to enhance the security arrangements to comply with current global security initiatives of the air cargo industry

General

SLFFA representatives were involved in discussions with Sri Lankan Airlines, Airport & Aviation Services Limited, and the Sri Lanka Air Force authorities to address several issues related to administration of air cargo handling and security.

SLFFA CARGO SERVICES LTD (SLFFACS)

SLFFA Cargo Services Ltd, a commercial venture established by 26 members of the Association, operates an import cargo terminal at the Colombo International Airport. This is a unique operation managed by an independent management and Board. Though the volume of imports declined during the year under review, due to the drop in demand SLFFACS performed satisfactorily. This operation has been performing exceptionally well since its inception in 1994. The gross turnover of the Company increased to Rs. 103.5 million from the previous years figure of Rs. 95.7 million. The number of Agents that transferred their cargo to SLFFA Cargo Services terminal during the financial period under review has also increased.

SLFFA Cargo Services Ltd continued to deliver an efficient service to the satisfaction of its clientele this year too as in the past.

LIAISON WITH OTHER ORGANIZATIONS

The Sri Lanka Freight Forwarders' Association continued to work in close co-operation with international agencies, governmental and private sector organizations, and other trade related organizations.

The Association is an executive committee member of the Sri Lanka Shippers' Council, which is the apex body of the exporters and importers in Sri Lanka and has worked very closely with the Council in settling numerous trade disputes among shippers and service providers.

SOCIAL ACTIVITIES

The Association organized an array of activities during this period in order to develop and enhance fellowship amongst the members and also to address several social needs of the society.

SLFFA Dance

SLFFA Dinner Dance was held on 11th October 2008 at the Waters' Edge under the theme "The Magical Cruise" and turned out to be an event with unlimited entertainment and a roaring success.

This event was "A Journey Towards Healing of Hearts" - an initiative to raise funds to build a 'home for the elders' - a SLFFA Corporate Social Responsibility (CSR) project.

SLFFA CSR Project

The SLFFA Dinner Dance was the launching pad to raise funds for the worthy cause of helping the destitute homeless elders, a segment of our community that has little attention, and indeed a social problem growing out of proportion in our country.

The aim of this project is to partner with all SLFFA members and all its stake holders to make a positive impact on the less fortunate community in the country.

All proceeds received from the SLFFA Dance will be utilized to make this initiative a reality.

SLFFA ACV Football Tournament

This year for the first time, the Association on a request made by the SLFFA ACV staff, organized a Football Tournament on the 17th of January 2009, at the Mendis Memorial Grounds, Seeduwa. This event was in place of the annual SLFFA-ACV Cricket Sixes and was a huge success with the participation of all member companies.

TRAINING & EDUCATION PROGRAMS

The Association is mindful of the developments taking place in the international freight forwarding arena and continue to keep the Sri Lankan freight forwarding industry abreast with the rest of the world. The Association is working towards raising standards within the industry and making the industry a dynamic and more professional trade sector. Thus, the Association has placed high emphasis on skills development and capacity building within the industry through international and local training programs. All local training programs are conducted by the SLFFA training institute, the Academy for International Trade and Transport (AITT)

For the ninth consecutive year, the Association in collaboration with the Australian Federation of International Forwarders (AFIF) conducted a full DGR course, which was held from 13th to 17th January 2009 for staff of member companies with the participation of 21 applicants

for the DGR course and 25 participants for the DGR Refresher course. The training program helped member companies to improve their competence in handling dangerous cargo in compliance with IATA standards.

The Association is hopeful that its training institute AITT, in future would be able to conduct the DGR training program without having to obtain the services of external trainers, which is an additional cost for the Association.

Another significant milestone achieved during the period under review is the AITT being granted certification to run the FIATA Diploma course in Sri Lanka. It is indeed a great achievement that our entire industry could be proud of.

ACADEMY FOR INTERNATIONAL TRADE & TRANSPORT (AITT)

During the year 2008/2009 the AITT continued to conduct seminars on trade and transport. 3 certificate modules and 5 seminars were conducted in 2008. AITT had its first certification ceremony along with the SLFFA AGM, where the Hon Minister of International trade Prof G.L Peiris was the chief guest, and Mrs. Geetha Karandawela was the guest of honour. Over 60 students who completed the Multimodal Transport course and the Customs Module received their certificates at this event.

During the year 2008/2009 the following seminars and workshops were conducted in association with the Sri Lanka Shippers' Council and the National Chamber of Exporters;

- Seminar on CSI Mega Port Initiative – April 2008
- Seminar on Documentary credit – 7th June 2008
- Workshop on 'Global supply chain' – 9th August 2008
- Seminar on E-commerce in Sri Lanka - 25th September 2008
- Seminar on Risk management- 30th January 2009

During the year, AITT introduced a successful and a unique course on International Port Operations and Port Management, together with the Sri Lanka Ports Authority (SLPA). This module was conducted with the participation of 40 students in the first batch and 18 students in the second batch. The course commenced in March 2009. In addition AITT also conducted a Module on Multimodal Transport, Logistics, Freight Forwarding and Supply Chain Management, with the participation of over 30 students.

In September 2008, AITT participated at the FIATA World Congress held in Vancouver, and submitted the AITT course material for validation and was approved to conduct the FIATA Diploma in Sri Lanka by the Advisory Body for Vocational Training of FIATA (ABVT). SLFFA/AITT became the first Sri Lankan logistics training academy that was accredited by FIATA to conduct their Diploma course. AITT is planning to launch a fulltime FIATA

diploma course in June/July 2009 in addition to the current courses conducted in association with UNESCAP.

AITT wishes to place on record its appreciation for the support extended by UNESCAP and Mrs. Karandawela by way of material and guidance for the academy to achieve FIATA accreditation. The Association wishes to also commend Mr. Rohan Masakorala our Course Director and his team of Lecturers for this achievement.

Sri Lanka Freight Forwarders' Association continues to work towards raising the standards within the industry in Sri Lanka and helping the member organizations and its personnel to receive the maximum benefits of the industry.