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Improving import-export procedures and processes in Sri Lanka

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IMPROVING IMPORT-EXPORT PROCEDURES AND PROCESSES IN SRI LANKA

By

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Executive Summary

International trade transactions involve multiple parties that are required to act with effective and efficient coordination between them. While individual companies and persons can undertake certain measures in this regard, some have to be undertaken at the country level. Globally recognized bodies publish trade facilitation indicators that provide policy makers and the public with benchmarks to evaluate and analyse a country's level of trade facilitation. Nevertheless, a deeper understanding of the trading processes is required to identify areas that create bottlenecks in trading and to take measures to minimize them.

Towards this end, this study examines the trading procedures and processes in detail, for two import and two export products of Sri Lanka- tea, rubber tyres, textiles and motor vehicles. Tea exports to Japan, tyre exports to India, motor vehicle imports from Japan and textile imports from India are mapped through a business process analysis. This study has attempted to list all the document and procedural requirements from the point of order to shipment, and also to estimate the costs of trading. Eight companies which are engaged in trading the selected products, and their freight forwarders were interviewed to map out the processes and to find the times and costs of trading. Apart from interviewing the companies, interviews were also carried out with relevant government agencies such as the Sri Lanka Customs and the Tea Board.

The Study finds out that there are 24, 19, 18 and 19 documents involved in trading tea, rubber tyres, cars and textiles respectively; the number of agencies involved range from 5 to 9. The number of days taken to export is 17.06 and 16.9 for tea and rubber; for car and textile imports, it takes 6.4 and 6.05 days, respectively. The costs range from US\$ 79 (for a car import) to US\$ 677 (for import of a 20-foot container of textile). Some numbers differ significantly to the benchmark estimates published by agencies such as the World Bank.

Majority of the companies interviewed have been in business for a long time and have Customs House Agents/freight forwarders who are well versed about the processes/procedures. In a way, the traders seem to have become acclimatized to the processes. Nevertheless, they identified the need to automate trade procedures as a priority area that needs attention. There are no major differences in terms of the process or time taken between large and SME traders. The interviews showed that the BOI companies have some advantage in terms of time taken to trade.

1. Introduction

Tariff levels have been falling across countries over the years and the need to address trade facilitation issues has long been felt. The recent economic crisis further highlighted this need, with trade dependent countries grappling to remain competitive in difficult market conditions. Research and analysis have shown how trade facilitation reform can lower trade costs, and from the perspectives of global growth and development the need for such reform is felt now more than ever¹. As Finger and Schuler (1999) mentions, 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”. Cumbersome paper work, delays in regulatory agencies, and other bureaucratic red tape hinder the trading processes causing unnecessary delays and costs to traders.

Many researchers, investors and governments themselves use the broad trade facilitation indicators provided by globally recognized bodies such as the number of documents, and the number of days required for trading, as a benchmark for analyses and comparison. However, these figures may vary significantly based on the traded product, requirements of the trading partner among other factors. For example, research conducted by the Kasetsart University (2007) show that there are 24 documents and 15 parties involved in exporting rice from Thailand and in the case of Sri Lanka, there are over 30 government and non-government agencies that are part of the import/export process, with traders having to visit a number of them, depending on the good traded (Wijayasiri and Jayaratne, 2009).

Therefore, this study aims at capturing some of these variations and discrepancies. The study carries out a detailed analysis of the trading procedures and processes of the products tea, tyres, textiles and motor vehicles to India, the largest trading partner of Sri Lanka in the region, and to Japan, an important trading partner of Sri Lanka outside South Asia. These products are key to the Sri Lankan economy in terms of economic performance as well in terms of development, employment, government revenue and intra-regional trade². In addition to capturing the different requirements specific to the chosen products, the study also attempts to analyze the variations in the BOI and non-BOI processes as well as to perceive any existing differences in procedures/processes for large and SME exporters.

This deeper analysis at the country-level is expected to provide useful information to traders, researchers and policy makers to see where previous changes to the systems have been successful, to identify the existing bottlenecks and where they occur, and to draw upon policy recommendation focusing on the elements of the import/export process that need improvement.

2. Trade Facilitation in South Asia and Sri Lanka

Trade and transport facilitation has become a vital tool in the process of enhancing product fragmentation and integrating markets, and is an important factor of determining levels of trade that take place between countries, and in investment decisions taken by the private sector. The current production methods and cost effective strategies (like just-in-time) demand efficient trade and transport facilities to be in place in both the exporting and importing

¹ Benjamin T. Taylor and John S. Wilson (2009), “The Crisis and Beyond: Why Trade Facilitation Matters”,

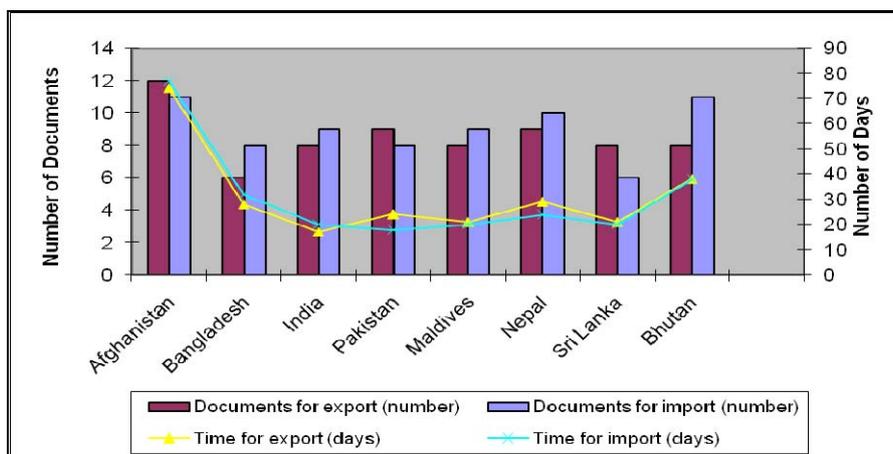
² More details on the choice of products and countries are given in Section 2.

countries. For instance, trade and transport facilitation is crucial for the garment industry in the region (which has also been taken as a case study here) because of its heavy dependence on imports, shorter delivery cycles required by higher value market segments and price competition.

However, developing countries are often adversely affected by inefficiencies and delays that occur as a result of inadequate infrastructure, cumbersome trade procedures, which if improved would improve links with other markets. And South Asia is often perceived to encompass poor external supply chains. Although, trade facilitation has improved over time with major improvements having been made in some countries, the others are lagging behind³. South Asian countries lag way behind in many indicators compared to Singapore, Malaysia and Thailand. India and Sri Lanka perform the best in the region in a majority of the selected indicators. This seems to be reflected in terms of these countries' competitiveness in the global market in indicators in reports such as the Global Competitiveness Report.

The “Trading Across Borders” measures of the World Bank’s “Doing Business Report” assesses the costs, procedures and time taken by countries in trading, and is widely used as a benchmark to make comparisons across countries and regions. South Asia’s performance is relatively poor, with the region demanding the highest number of both export and import documents compared to other regions in the world. The documentation needs of countries like Singapore, Thailand and Indonesia in the Asian region is 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 started customs reform/streamlining including computerized customs clearance, these have been implemented only partially. This is also reflected in the time taken to export and import with the average time taken to trade with South Asia exceeding by over 9 days with ASEAN countries. The importance of improving trade facilitation has been endorsed by 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 facilitation efficiency were attained (see Table 1).

Chart 1: Performance in Trading Across Borders Measures by South Asian Countries



Source: World Bank, “Doing Business 2010”.

³ World Bank (2008), “Trade and Transport Facilitation in South Asia: Systems in Transition”.

Table 1: Trade Gains from Improved Trade Facilitation (US\$ millions)⁴

	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: World Bank (2008), "Trade and Transport Facilitation in South Asia: Systems in Transition".

As a country in the South Asian region, Sri Lanka performs relatively better in the Trading Across Borders indicators, as illustrated in Chart 1 and Table 2. However, the Logistics Performance Index (LPI) which calculates a country's performance on 6 key dimensions (see Table 3) shows that it needs to improve on all 6 areas, especially in trade and transport related infrastructure, and the clearance process. With the 30 year long armed conflict in the country coming to an end, Sri Lanka now strives to become a leading financial and commercial hub. Having the geographic advantage to be one, the country now needs to develop its infrastructure, and facilitate trade to reach international standards and face growing competition from the wider region.

Table 2: Number of Documents and Time for Export/Import in Sri Lanka

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

Source: WB, *Doing Business Report 2010*.

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: WB, *Connecting to Compete 2010: Trade Logistics in the Global Economy*.

⁴ Trade Facilitation and Regional Integration in South Asia: Accelerating the Gains to Trade with Capacity Building, Wilson and Otsuki, World Bank, 2004.

3. Export/Import Process in Sri Lanka

There are two import/export processes in place in Sri Lanka, the BOI process and the Non-BOI process. The BOI process for Board of Investment (BOI) approved companies was introduced with the intention of speeding up the licensing and customs requirements, and to provide an incentive to new investments in the country. The other process allows traders (non-BOI companies) to lodge their documentation through the Sri Lanka Customs, which is commonly known as the “normal process”. The following section outlines the general documentation and other requirements when exporting and importing goods from Sri Lanka. This study however, aims to analyze beyond documentation and customs clearance procedures and analyze the export/import process from the point of order to the point of shipment.

3.1 Documentation Requirements

On trade, the Customs Ordinance spells out all the rules, regulations and procedures related to the import/export process⁵. Sections 47 and 57 of the Customs Ordinance require every importer/exporter or the authorized agent to submit a Customs Declaration (CUSDEC) form⁶ to clear/dispatch cargo. All CUSDECs have to be lodged by persons having the Customs House Agent (CHA) licence. Documents Necessary to Prepare an Export Goods Declaration are as follows,

1. Customs Declaration (CUSDEC)

This should be submitted in 4 copies with an additional copy each for bonded cargo and air freight cargo. These copies are named as Warrant copy, Statistical copy, Security copy, Parties copy, CBD copy and Air cargo copy. When exporting liquor and coconut products, excise copy and CDA (Coconut Development Authority) copy should be attached, respectively. This declaration requires to be submitted along with the other documents mentioned above for processing.

2. Licences and Permits if required

- Export Control Permits are required for the following 3 items: Coral Chunks, Timber, Motor Vehicles.
- Export License and Permits are necessary when exporting the following items: Antiques, Tea, Plants and Animals, Aquatic Resources, Ayurvedic Drugs, Firearms.

3. Shipping Note/Airway Bill

4. Invoice

⁵ All aspects are covered under 14 main headings of Management; Levying of Customs Duties; Port Duties; Regulations Inwards; Entry of Goods Re-imported; Removal of Goods by Sea or Inland Carriage; Regulations Outwards; Trade by Vessels of less than 15 tons Burthen; Regulation Coastwise; Regulation of Movements of Ships under 250 tons; Warehousing of Goods; General Regulations; Smuggling, Seizures and Prosecutions Generally and Interpretation of Terms Used in the Ordinance.

⁶ 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.

5. 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 the Customs

The sequence of steps involve in processing a Goods Declaration for export purposes is as follows:

- **Declaration at Receiving Counter (Face-Vet)**

All Export Goods Declaration duly made on CUSDEC and supported by the other required documents such as licences and permits, Shipping Note and Invoice should be handed over 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 and whether it has been signed by the declarant. He particularly checks whether the Tax Identification No. (TIN No.) and the declarant's registration number are given on the 'Declaration'. Further, he checks whether all supporting documents required to pass the Declaration are filed with it.

If the Declaration is filled correctly in all respects, he 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**

Keying-in-Officer feeds the Declaration to the computer. Code number 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 a number which is taken as the Declaration number [The keying-in step can be by-passed if the CUSDEC is electronically lodged via EDI]. It also generates an assessment notice which is signed by the Keying-in-Officer and which 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 manually to get the other).

- **Numbering**

The Numbering Officer machine franks all the copies of the Declaration together with attached documents such as Captain's copy of Shipping Note/Boat Note (B.L.), Invoice, Licence with the same number generated by the computer, and sends it for payments or receiving of duty etc. Cash Declarations are sent to the Shroff while current account declarations are sent to the Ledger Section for debiting respective current accounts.

- **Payment/Securing of Levies**

- **Shroff:**

This officer receives the payments in respect of Cash Declaration and issues a receipt. He notes the amounts paid in his register and pushes the Declaration to the Accounts Updating Officer.

- **Ledger Officer:**
This Officer handles the requisition Declaration. 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. He checks the correctness of the Declarations made in the Ledger and places the signature on the stamp on the Declaration.
- **Accounts Updating (for Cash Declarations)**
Accounts Updating Officer feeds the computer with the amounts paid on each Cash Declaration and compares with the amounts assessed on the assessment notice. If in order, the computer accepts 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 takes the Accounts updating number to his cash sheet for the preparation of the Daily Revenue Abstract and sends the Declaration to the Sub-Collector Channel Selection.
- **Channel Selection (Green & Red)**
All the Declarations should go through the Sub-Collector Channel Selection. He selects them for shipment where further scrutiny is necessary and/or examination is required, and puts them to the red channel. All the other Declarations (green channel) are warranted by him 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 on red channel. If he is of the opinion that no examination is necessary, he exempts the cargo from examination.
The sequence of the above Declaration Flow is changed with respect to Goods Declarations pertaining to traditional cargo such as tea, coconut and rubber by permitting exporters/Wharf Representatives to present their goods declarations to the Chief Export Officer first, for him to determine the type of examination to enable them to prepare themselves in advance for outside examinations etc., 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 he satisfies himself that it is correct in all respects, he signs it for warranting and sends it to the Chief Export Officer.
- **Delivery Counter**
Two Asst. Supdt. of Customs occupy this place. On receipt of the Declarations which are processed in the branch, they enter them in a register. The Warrant copies and the Statistical copies are retained, and the other copies (Party's copy, Security copy, CBD copy and Air cargo copy) are handed over to the Exporter or to his 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.

Documents that have to be presented in importing include the following,

1. CUSDEC form-up to seven copies have to be submitted as warrant copy, delivery copy, statistical copy, exchange copy, consignee's copy, R.M.V. copy for motor vehicles, and excise copy (if required).
2. The Commercial Invoice
3. Delivery Order (DO)
4. Bill of Lading (BL)
5. Exchange Documents
6. Packing List need to be submitted with the CUSDEC when clearing a good.

Apart from these documents, depending on the good that is being imported, the Certificate of Origin (CO), Import Control Licence (if applicable), Certificate of Registration and Translation for Used Motor Vehicles, Load Port Survey Certificate for Food Items, S.L.S.I/Quarantine Certificate (where applicable), and Catalogues/literature also need to be attached.

CUSDECs can be lodged either manually or electronically. If the CUSDEC is lodged manually, the Customs or the BOI (depending on the process that is used), will key-in the information into the ASYCUDA system⁷ which would generate a unique number. While the Customs charge close to US\$ 2.5 as documentation fee, the BOI charges approximately US\$ 3.95 as document processing fee. Alternatively, if the CUSDEC is lodged electronically using the Electronic Data Interchange (EDI) facility⁸, the consignee will enter the data into the ASYCUDA system himself from his personal computer. After being reviewed and assessed for duties and taxes, a CUSDEC number will be assigned and sent to the consignee electronically. An additional fee of US\$ 2.5 has to be paid to the EDI service provider for each CUSDEC lodged⁹. Nevertheless, the consignee must present a hard copy of the CUSDEC together with the other relevant documents to the Customs or the BOI to proceed with the remaining steps of the import/export process. Only the facility of lodging CUSDECs electronically is currently available under the electronic system.

Customs clearance in Sri Lanka consists of 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. There is also a programme to provide incentives for good compliances – known as Gold Card Holders - which provides a fast track procedure in clearance. There are currently about 100 Gold Card Holders. The Gold Card Holders receive access under the *Green Channel*. Although goods should ideally be released without any examination, in practice the cargo is randomly checked even if they fall under the *Green Channel*. Under the *Yellow Channel*, medium risk consignments are cleared upon examining the required documents without cargo examination. However, random checks are carried out in the *Yellow Channel* as well. High risk declarations are cleared under the *Red Channel* with 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 order¹⁰.

⁷ Refer to section 4.1 for explanation of the ASYCUDA system.

⁸ See Section 4.2 on EDI for further information with regard to the system.

⁹ One CUSDEC has to be lodged for each invoice.

¹⁰ However, the number of days may differ based on the type of cargo (LCL or FCL) and the mode of transport (sea or air freight).

As Wijaysiri and Jayaratne (2009) states, apart from the Sri Lanka Customs, BOI and the Sri Lanka Port Authority, there are over 30 other government and non-government agencies that are part of the export/import process. These agencies include: the Sri Lanka Standards Institution (for Quality Certificate), Ceylon Chambers of Commerce/Department of Commerce (Certificate of Origin), Department of Animal Production and Health (Health Certificate), Finance Ministry, Ministry of Defence (licence for firearm), Inland Revenue, Ministry of Fisheries and Aquatic Resources (permit for restricted list of species), Excise Department (licence for items under Excise Ordinance), Department of Registration of Motor Vehicles (permit by Registrar of Motor Vehicles and R.M.V. Certificate), Plant Quarantine Department (phytosanitary and fumigation certificates), Telecommunications Regulatory Commission (TRC), Cosmetics, Devices and Drugs Regulatory Authority (CDDA), Sri Lanka Tea Board (permit for tea exports), Coconut Development Board, Import and Export Control Department, Criminal Investigation Division (CID), Wild Life Department (permit for coral chanks), Forest Department (permit for timber), Archaeological Department (certificates for antiques and export of wooden furniture), to name a few.

Depending on the good that is being traded, it is sometimes necessary to visit more than one agency listed above in order to obtain the necessary permits, licences, certificates, etc., before a CUSDEC could be lodged. Not surprisingly, this would entail considerable time and cost given that some of the offices issue them only on certain days of the week. With the exception of the blend sheet (which should be submitted to the Tea Board and approval sought), none of the above mentioned certificates/permits/licences could be obtained or processed electronically by the exporters/ importers as these agencies are not linked to the EDI system¹¹. Currently, the Ceylon Tea Board is the *only* regulatory agency which is linked to the EDI system and allows tea exporters to submit online documentation of blend sheets¹² and purchase statements, together with the CUSDECs and obtain an online approval from the Tea Board, thereby eliminating the need for tea exporters to visit the Tea Board to process the required documents.

4. Methodology

In order to get a deeper understanding of the trade processes, to identify administrative and procedural barriers that traders face in trading goods, to identify where these bottlenecks occur, and to propose solutions and policy recommendations, this study analyses the import and export processes of four products. The following section outlines more details on the products that have been chosen for the study, of which the trading processes are analyzed and other specifications of the methodology that are adopted in the study.

4.1 Products and Countries

Table 6 outlines the four products and the trading partners of which the trade procedures and processes are analyzed in-detail in this study. While the export process focus as on rubber tyres and tea to India and Japan respectively, the import process studies the imports of textiles and motor vehicles from India and Japan.

In order to capture the differences that might exist in the export/import processes of different products, the analysis focuses on 4 different products. More details on the importance

¹¹ If the traders use a freight forwarder or a CHA, the agents would visit all the relevant agencies and get the relevant documentation.

¹² Blend sheet is a document which contains information regarding the source of the tea, the type of tea, etc.

of these products to Sri Lanka are given below. Furthermore, India is the largest trading partner of Sri Lanka, being the main import market of Sri Lanka (17.8 per cent of total imports in 2009) and the 6th largest export market of the country. Therefore, given its importance as a trading partner, India has been chosen as both an import and export destination of the analysis.

Although USA and EU are Sri Lanka’s main export markets, the research focuses on intra-regional trade procedures. Japan which is the most important export market to Sri Lanka in the Asia and the Pacific region after India, has been chosen as the other export destination. Overall, Japan that imports 162 USD worth of goods, ranks 10 in Sri Lanka’s export market list¹³.

Table 4: Chosen 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	Textile
	Outside South Asia	Japan	Motor Vehicles (2 nd hand)

Textile and Garment Industry

The garments industry plays an important role in the Sri Lankan economy. Textile and garments exports account for 46 per cent of total exports, and garments form 59 per cent of industrial exports, and the sector is the country’s largest foreign exchange earner¹⁴. Given the fact that Sri Lanka caters to niche markets such as lingerie and sportswear, which require shorter delivery cycles, and with the industry having to be competitive in terms of price (which is even more important with the loss of GSP+ concessions from 2010), trade facilitation measures become essential for the garment industry. Maintaining competitiveness is important given the social implications as well: the garment sector provides direct employment to 280,000 people and indirect employment to an estimated one million people.

However, the backward linkages for the garment sector are very limited in Sri Lanka and the import of textiles becomes important for garment production in Sri Lanka. In 2009, the second highest import was textiles next to petroleum imports, and it accounted for 14.1 per cent of total imports (US\$ 1,442 million). The highest import of textiles from the region has been from India, amounting more than LKR 13 billion. Therefore, studying the import process is very important considering its significance for Sri Lanka’s main export. Furthermore, although for different products, India has been chosen as a source of imports and as an export destination, as this would cover both the export and import processes for the most important trading partner in the region for Sri Lanka.

The industry also 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, and has demonstrated success in a variety of campaigns such as “Garments without Guilt” and in lobbying for development of the garments sector.

Motor Vehicles

¹³ The export markets that comes before Japan are USA, UK, Italy, India, Belgium, Germany, UAE, Russia and France.

¹⁴ Annual Report (2009), Central Bank of Sri Lanka.

Motor vehicles imports are heavily regulated and are subject to ad-hoc changes in import regulations. It is also one of the highest value imports and important in terms of impacts on key macroeconomic fundamentals such as the Balance of Payments and government revenue. Nevertheless, the government halved the effective rate on car imports in June 2010. This resulted 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: 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.

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.

Therefore, it would be useful to study the impediments faced in importing motor vehicles. Outside the sub-region of South Asia, the main import market of motor vehicles is Japan. Sri Lanka imports over 11 billion worth of motor vehicles (31 per cent of total motor vehicle imports – HS 8703 and 8704) from Japan, making this a useful option for the study. The study focuses on the import of reconditioned cars from Japan. Sri Lanka Customs figures show that the number of reconditioned cars imported in the January-November period in 2010 is 14,728 against 8,345 brand new cars imported during this period (see Tables 6 and 7).

Tea

Agriculture exports in Sri Lanka are led by tea exports earning USD 1,185 million in 2009. Its contribution to the export earnings of Sri Lanka is substantial: 16.73 per cent (and total agricultural export income share is 23.52 per cent of the total 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. 50 per cent of tea exports are in the form of bulk 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.

Table 7: Share of Exports by Tea

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 world¹⁵. It is the 7th largest importer of tea from Sri Lanka and is the largest market for Sri Lanka in the Asia Pacific region. 13 per cent of the total tea imports by Japan in 2008 were black tea (18,000 million kg) and Sri Lanka dominates the black tea market in Japan supplying about 60-65 per cent of the total black tea imports. A majority of tea exports of Sri Lanka are in the form of bulk tea. Similarly about 90 per cent of total tea exports to Japan from Sri Lanka are tea in bulk¹⁶ due to the ‘Ready To Drink’ (RTD) form being a more popular version of tea in Japan¹⁷.

Given that tea exports require conformity to various standards and that Japan is an important export market of Sri Lankan tea, it is important to see the time it takes to export one of Sri Lanka’s main agricultural export products.

Rubber Tyres

Rubber products are an important industrial export product of Sri Lanka with total exports of rubber products amounting to US\$ 384.76 million in 2009. Sri Lanka’s tyre and

¹⁵ 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).

¹⁶ Tea in bulk refers to a pack of tea that weighs over 3 kg.

¹⁷ The extractions from bulk tea are carried out in Japan.

tube exports have grown from US\$ 161.41 million in 2004 to US\$ 214.27 million in 2009. As shown in the following Table, Sri Lanka's exports of tyre and tube to India have also accelerated over the recent past. Especially the year 2006 has had a significant growth of over 55 per cent from a negative growth of the previous year, recording US\$ 6.19 million in 2006, and had maintained a positive growth since then. Moreover, despite the drop in exports of tyre and tube to India in 2005 and 2006, India is the 6th largest importer of Sri Lankan tyre and tube to date.

Table 8: Sri Lanka's Tyre and Tube Exports to India and to the World

	2005	2006	2007	2008	2009
India (in US\$ 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 US\$ 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: Sri Lanka Export Development Board, *Export Performance Indicators*, 2000-2009.

India holds the largest market share of Sri Lanka's export in New Pneumatic Tyres of Rubber, of a kind used on Buses or Lorries (HS Code 401120), where it has recorded a share of 79 per cent in 2007 to 88 per cent in 2008 of a market share out of its total world exports. Sri Lanka's exports of New Pneumatic Tyres of Rubber, of a kind used on Buses or Lorries, to India had notably increased from SLR 613.49 million in 2006 to SLR 1,021.56 million in 2008, which is a growth of 67 per cent. However, due to the severe crisis in the industrial and automobile sectors in North America and Europe, which was a result of the economic downturn, the earnings from exports of rubber products, largely tyres and tubes, recorded negative growth from November 2008 until April 2009. There has been a gradual increase since.

Table 9: Sri Lanka's Exports of New Pneumatic Tyres of Rubber, of a Kind Used On Buses or Lorries (HS Code 401120)

	2006	2007	2008	2009
To India (in SLR Millions)	613.49	981.55	1,021.56	744.62
To the World (in SLR 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 SLR 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, 2006-2009

4.2 Typical Transactions of the Export Processes Examined

4.2.1 Tea

For tea exports the "typical transaction" considered is the export of black tea in bulk form to Japan in a 40-foot container by sea. This categorization is reflective of the common export transactions of tea from Sri Lanka that is explained in section 2.1, with the exception of

the container size which has been selected as per transactions common to the companies that are used in this study¹⁸.

The companies whose export processes are analyzed in this study, are Company X¹⁹ 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 Russia, Iran, Syria, Turkey, USA, Canada, Germany, Japan, Australia, etc. 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 tea in bulk in order to cater to the popular RTD market in Japan. The frequency of 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, located in Colombo. Formed 20 years back, it exports to 35 countries and also reaches its overseas clientele via its subsidiaries in Russia, Ukraine, China, Japan, Germany, The Czech Republic, Iraq and Libya. They supply to both the local and international markets with 2-3 shipments of tea on average being sent to Japan every week.

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

4.2.2 Rubber Tyres

This study focuses on the export of new Pneumatic rubber tyres (used on buses or lorries) to India. The process of exporting a 40 high cube container of new pneumatic rubber tyres by sea was studied. 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 sector being over 60 per cent. It employs over 800 employees and some of its export markets include India, Pakistan, Dubai, Nigeria and the Philippines. Company A, being a joint venture, exports a majority of about 55-60 per cent of its total exports to India. The frequency of exports to India ranges on average from 20 to 25 containers a month. The most common type of shipment to India is in a 40-foot high cube 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 which is called Company B, is another large scale tyre manufacturer (a joint venture) in Sri Lanka, manufacturing solid and pneumatic tyres, and wheels and tracks. It exports to many countries including India, Pakistan, Dubai, Nigeria and Philippines.

¹⁸ According to the Tea Board, apart from the large scale players, few SMEs use 40-foot containers and the most common among SMEs are 20-footers.

¹⁹ Real names of Companies are not used to maintain privacy except in cases where they have approved it.

4.2.3 Textiles

The bulk purchase of fabric from India in a 20-foot container²⁰ by sea is taken as “typical transaction” in the imports of fabric. A BOI and Non-BOI company has been used to study the import process of fabric and to see differences in the two processes.

Company C 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 like GAP, Marks & Spencer, Victoria’s Secret, NEXT and others. India is a key import market of this company. About 13-15 consignments per week are imported from the Indian Ports of Visakhapatnam, Navashiva, Chennai and Tuticorin. While the buying is largely determined by the buyers nomination, currently about to 8-10 per cent of the total fabric imports to Company C are from India. It is a BOI-registered company.

Company D is a non-BOI company, that produces socks and tights and imports yarn from India from ports like Chennai, Navashiva, Tuticorin, etc.

4.2.4 Reconditioned Vehicles

For the import of reconditioned vehicles, a “typical transaction” would be the import of a single reconditioned car in Ro-Ro Ships (Roll-On/ Roll-Off ship).²¹ Reconditioned vehicles are most commonly brought down by these car carrier ships whereas new cars are brought down in containers by the importers concerned. Due to low domestic demand emanating from high taxes, the import of cars was minimal in the recent past. However, with the government slashing the taxes from June 2010, the import of new vehicles is expected to increase sharply. In order to see if there is any difference the small and large scale players face in importing, a large scale and a medium scale company were used in the study.

Company J is one of the largest reconditioned car importers in Sri Lanka who imports vehicles from countries like China, Thailand and Singapore apart from Japan from which they import the highest amount of reconditioned vehicles. In the last few months, only a few vehicles have been brought down but there have been certain months where around 400 were imported to the country by them.

ASOL Traders is a medium-sized car importer who imports from countries like Singapore apart from Japan.

4.3 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 is mapped using the BPA methodology as outlined in the *Business Process Analysis Guide: To Simplify Trade*

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

²¹ It is a cargo ship that is designed specially to carry wheeled and tracked vehicles.

*Procedures*²². This 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 selected companies and their clearing and forwarding agents. The costs related to the import/export of goods and the time taken to trade is also estimated based on the responses of these companies.

5. Business Process Analysis

5.1 Export of Tea from Sri Lanka to Japan

1. Buy

The interviewed tea exporters identified two main types of clients.

- 1) Regular clients who ask for tea for a price and ask the exporters to buy tea from the auction based on the price.
- 2) Others for whom the exporter sends tea samples and a general quotation of price on a weekly basis.

Although not mandatory, sometimes for regular clients the tea exporter sends samples of tea two weeks before the auction with a price indication. They evaluate and give the bids. If the price is below the bid price, the exporter buys the tea for their client.

After the tea samples and the price quotations are sent, 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 who 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 Kg of tea can be sent out of the country without lodging a CUSDEC or acquiring a Tea Export Permit, as samples. However, all other tea exports need a permit from the Tea Board. In order to do this, the exporters need to first send the Blend sheet to the Tea Board electronically. (The blend sheet is a list of all the teas that constitutes a specific shipment and the document has details such as Date of sale, lot number, brokers code, invoice no., garden number, grade, weight, price, value). The system auto generates a lodgment number almost immediately. Once this is received, the exporter frames the CUSDEC which includes the lodgment number of the blend sheet submission and submits it online to the Tea Board. The Tea Board then checks and compares the Blend sheet and the CUSDEC and informs the exporter online whether the consignment is selected for random sampling or not. After that, the Tea Board directly sends the CUSDEC to the Customs, electronically with permission to export 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 sampling is completed. When it is, the tea exporter takes the CUSDEC and gets a “shipment

²² See UNESCAP (2009), *Business Process Analysis Guide to Simplify Trade Procedures*, for more details.

authorized” seal from the Tea Board which allows them to continue with the shipment. This sampling process can be done in about 24 hours. A sampling officer usually comes the day after the request is made and the approval can be acquired the same day 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 an insurance cover. The insurance company then prepares the insurance cover and the hard copy of the insurance cover is sent to the exporter; the invoice number serves as the identification number of the shipment. This 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 2 hours. This is a manual process.

4. Transport

The companies follow different methods to make reservations of cargo space. One exporter makes the initial reservation verbally which is followed by a formal booking request. The shipping line then issues a Shipping Note and a Release Order (RO)²³. 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 by the Tea Board, the necessary payments (cess Rs. 4 per 1kg, medical cess Rs. 0.35 and assessment charge of Rs. 250 which is about US\$ 2.5) are reduced from the current account that the companies have with the Customs. 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 could be obtained. After a printout with the customs declarance sequence number is taken, the necessary number of copies are made. The exporter then takes the CUSDEC (4 copies: Warrant copy, Statistical copy, Security copy and the Parties copy), invoice (2 copies), and the shipping note manually to the Customs to get it passed.

6. Clear Goods through the Customs

The exporter/agent visits the Customs in person, together with the hard copies of the CUSDEC and the other supporting documents, the Commercial Invoice, Shipping Note and the Packing List (optional). The Customs retrieves the declaration information and takes 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, shows him the assessment note which has details of payments and gets it deducted manually from the Custom’s records.

²³ The Release Order is for the release of the container from the yard.

After deducting and checking the documents, the ledger officer and the OIC signs. There they place the Tea Board Approval Granted seal or Selected for Sampling Seal (based on the Tea Board decision taken earlier). A final signature is placed by the CEO/Superintendent of Customs on behalf of the DGC. At this point, the Customs decides whether the consignment is chosen for a panel examination or not, and passes the CUSDEC²⁴.

If selected for panel examination, a request has to be made to the customs to hold a panel examination indicating the time and date of the shipment. Depending on the distance to the warehouse, the amount that needs to be paid to the customs differs. An officer is appointed by the Customs and he comes to the exporter's warehouse and conducts the panel examination. After the panel examination is conducted, the examiner seals the container and it cannot be broken till it reaches the port. The cost for a panel examination is around Rs. 2000 for a 40 footer for the interviewed companies. 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 at the SLPA

Firstly, the Sri Lanka Ports Authority (SLPA) charges have to be paid by filling an SLPA payment form, and this is usually paid before the container reaches the port. It is based on the Shipping Note that the Sri Lanka Ports Authority calculates the charges. Apart from the Shipping Note, the Cargo Dispatch Note (CDN) and a copy of the CUSDEC are also presented as supporting documents.

When the container reaches the port, the documents that need to be presented are, Cargo Dispatch Note (about 06 copies), Shipping Note, Commercial Invoice and the security copy of the CUSDEC. The security/ Navy checkpoint at the first gate opens the container, checks and seals it in the presence of the exporters/representative. After that, it goes through the Passing office/export office run by the Sri Lanka Customs. They check the seals, CUSDEC, whether sampling has been carried out, the payments are made and the Boat Note for the last time. The Boat Note is also passed after which the container is taken for loading. The Cargo Dispatch Note has to be handed over at this point. Security and other checks take an average time, of 30 minutes -3 hours depending on the number of export consignments coming in on a particular day.

8. Prepare Documents Required by Importer

- Fumigation Certificate

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

- Phytosanitary Certificate

This is a certificate required when exporting tea to most countries. For this, the exporter has to submit an application to the Department of Agriculture that is situated within the sea

²⁴ A panel examination checks for foreign matter in the tea.

port in Colombo. The application form can be acquired from the department which can be copied and used. It is now accepted in pen drives of 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 certificate. The phytosanitary certificate is issued after randomly checking warehouses for foreign matter in the tea. While the exporter has to apply for it 48 hours prior to the shipment, the cost is about Rs. 170.

- Country of Origin Certificate (COO)

This needs to be acquired from the Chamber of Commerce/Department of Commerce by filling and submitting an application form with the supporting documents - a signed copy of the Bill of Lading, parties copy of the CUSDEC and copy of the invoice. This can be acquired in 24 hours.

9. Pay

Before the payments are made the exporter has to send in the Commercial Invoice, packing list, phytosanitary certificate, GSP form (for bulk tea only), Bill of Lading, Insurance cover and the Certificate of Origin to the exporter. Although there are several ways of making payments such as via Letter of Credit, Cash Against Goods, etc., with Japan the most common form of payment is via Telegraphic Transfer (TT) based on trust. Here the payment is transferred directly to the exporter's account via the Importer's Bank.

Table 10: Documents Involved in Exporting Tea and Agencies to be Visited

	No. of Documents	List
Documents 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 carried out with companies.

Chart 2: Time Procedure Chart of Tea Exports to Japan

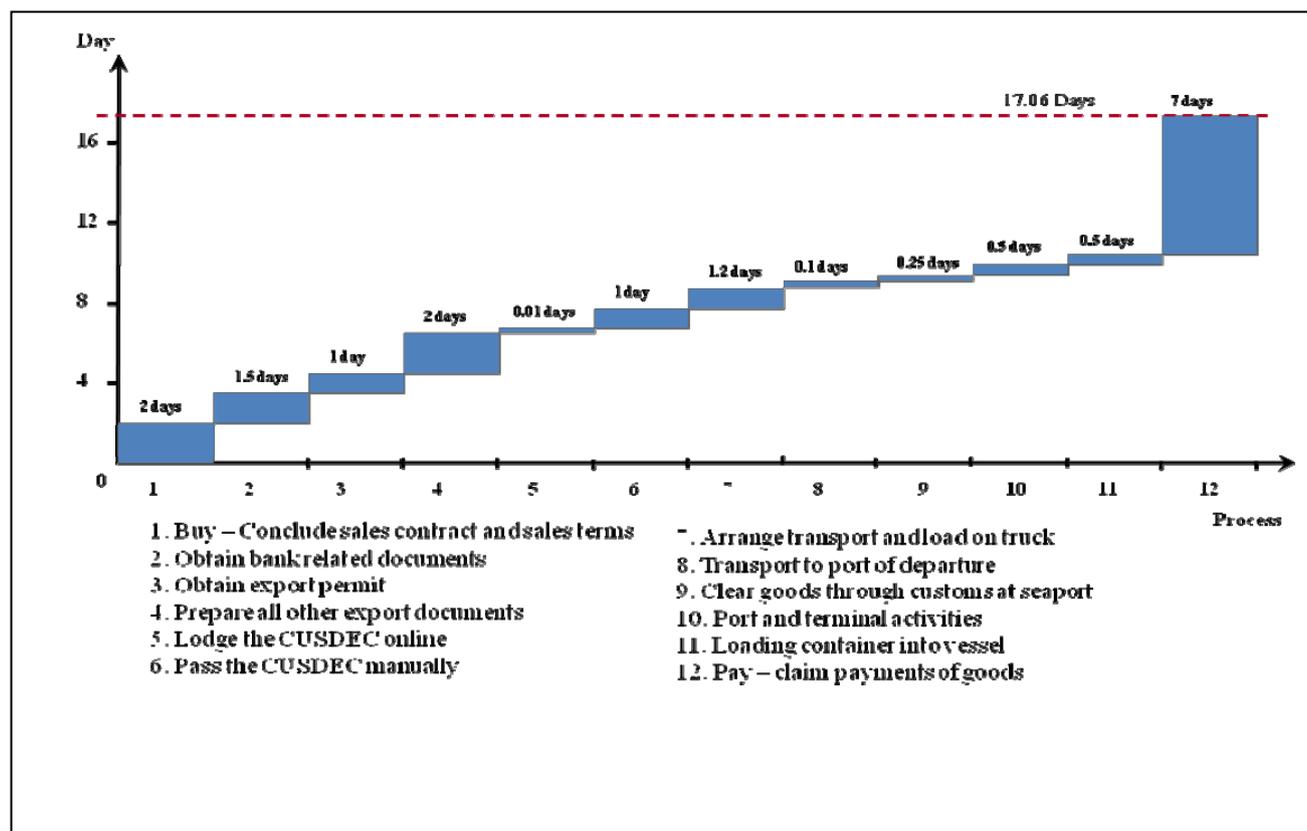


Table 11: Cost of Exporting a Tea Consignment

	Avg. Cost in US\$
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 carried out with companies.

5.2 Export of Rubber Tyres from Sri Lanka to India

1. Buy

In the case of a new buyer, the exporter first sends the sales catalogue and product designs after which prices are quoted and a sample of the tyre is sent. However, in the case of a regular client, the exporter quotes prices and terms of trade to the buyer via e-mail. Then a Purchase Order (PO) is sent by the importer to the exporter through 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 only if the method of payment is via telegraphic transfer. However, if the payment is made through Letter of Credit, this is not requested.²⁵

²⁵ The mode of payment depends on the understanding/trust between the exporter and the importer.

2. Obtain Cargo Insurance

Based on the invoice value, the tyre exporters apply for marine insurance consignment by consignment. They apply for insurance by filling in an insurance declaration form in which all the details are included. A hard copy of the insurance cover is sent to the exporter by the insurance company. The insurance premium depends on the agreement and the insurance cover can be obtained in about 2 hours.

3. Transport

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) is issued by the shipping line. The exporter sends the shipping note along with 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

When the CUSDEC is sent to the Customs by the exporter through EDI, the necessary payments (assessment charge of Rs. 250) are reduced from the current account that the companies have with the Customs. Then an entry paid message is sent to the company electronically via email with the customs declaration number and a printout of the CUSDEC is obtained. The sequence of events in the customs is the same as explained under the process of exporting tea. A printout with the Customs Declaration Sequence Number is taken and the necessary number of copies are made. The exporter then takes the CUSDEC and the shipping note manually to the Customs to get it passed.

5. Clear Goods through the Customs

The exporter takes to the Customs the hard copies of the CUSDEC and the other supporting documents, the CI, Shipping Note and the Packing List (optional). The Customs retrieves the declaration information and takes a printout of the assessment note. The Ledger officer after examining the assessment note, deducts the payments made by the exporter manually from the Custom's records after which the exporter gets it signed by the required officers at the customs. At this point the Customs decides whether the consignment is chosen for a panel examination or not and passes the CUSDEC. The examination is usually carried out the same day a request is made.

6. Transport to the Port of Departure and Clearance at the SLPA

Firstly, the Sri Lanka Ports Authority (SLPA) as discussed before. Apart from the Shipping Note, the Cargo Dispatch Note (CDN) and a Security Copy of the CUSDEC are presented as supporting documents.

When the container reaches the port, the documents that need to be presented are CDN (about 06 copies), Shipping Note, CI and the Security Copy of the CUSDEC. The security/ Navy checkpoint at the first gate opens the container, checks and seals it in the presence of the exporter/representative. After that, it goes through the Passing office/export office run by the Sri Lanka Customs. They check the seals, the CUSDEC, whether the payments are made and

the Boat Note. The Boat Note is also passed after which the container is taken for loading. The CDN has to be handed over at this point.

7. Prepare Documents Required by Importer

- Fumigation Certificate

In the tyre exporting company that was required to submit this certificate, the fumigation is carried out in-house by an authorized fumigation company. The fumigation company should be informed a day before the required day. The approximate cost of fumigation of one container is from Rs. 2745 – Rs. 3500.

- Country of Origin Certificate (COO)

Details are same as above.

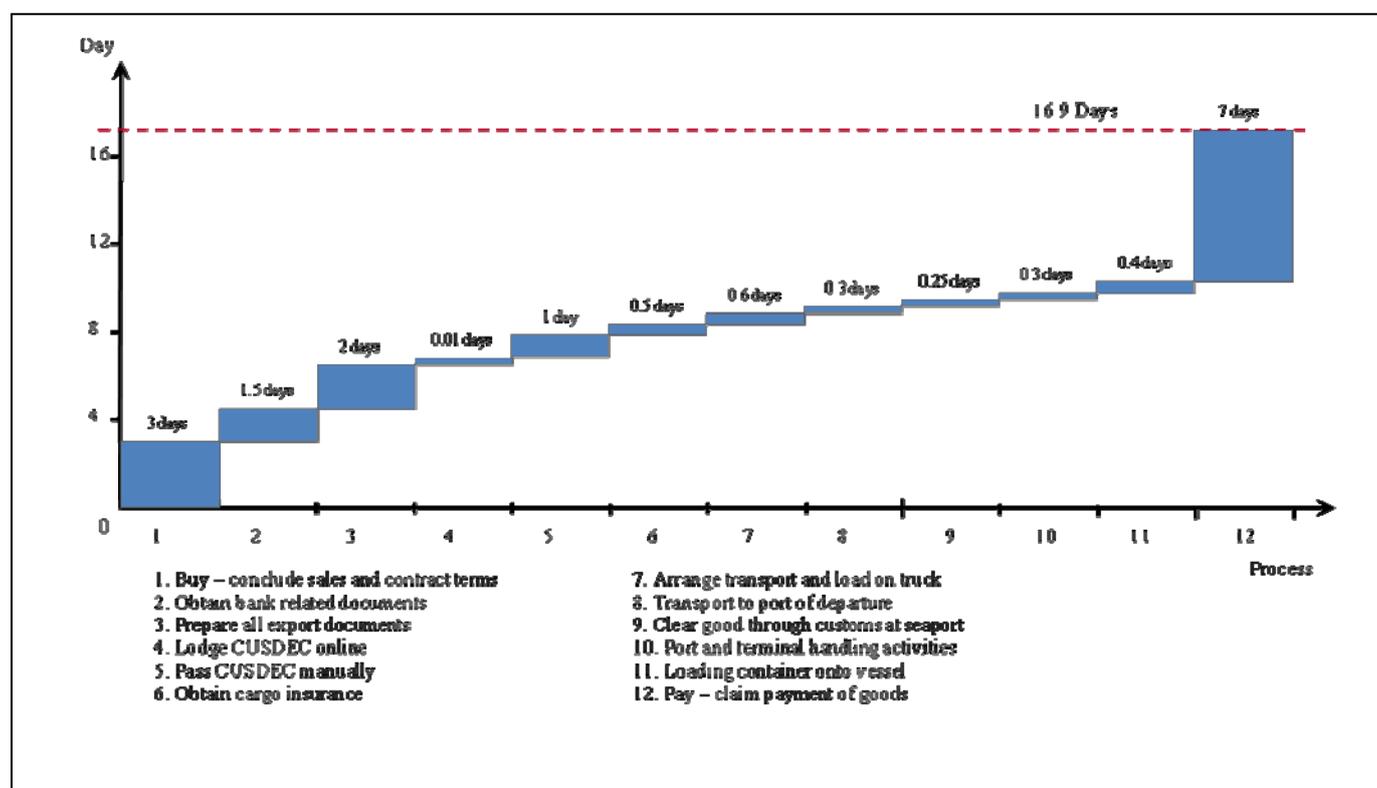
8. Pay

Before the payments are made the exporter has to send in the CI, packing list, fumigation certificate, BL, Insurance cover and the COO to the exporter. Although there are several ways of making payments such as via Letter of Credit, Cash Against Goods, etc., with India the most common form of payment is through a Letter of Credit (L/C) based on trust. Once the container reaches the importer's destination, the importer's bank makes the payment to the exporter's bank.

Table 12: Documents Involved in Exporting Rubber Tyres and Agencies Involved in the Process

	No. of Documents	List
Documents 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

Chart 3 : Time Procedure Chart of Rubber Exports to India



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

Table 13: Cost of Exporting Rubber Tyres

	Avg. Cost in US\$
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 carried out with companies.

5.3 Reconditioned Car Imports from Japan

1. Buy

The supplier sends stock lists with CIF prices and details such as model, colour, options, year and month of first registration in Japan, etc., via e-mail or sometimes after going through the exporter’s website, the importer places an order. When the car importer sees a potential buyer from the list the supplier sends, he makes a reservation for the vehicle. This is usually done via email, fax or sometimes over the phone. The car exporter then informs the possible date of shipment and sends a Proforma Invoice (PI) on which an L/C is opened by the importer. The exporter then prepares the vehicle/s to be exported.

2. Collect Documents for Import

A majority of the documents that are required for the clearance of the vehicle is sent by the exporter via the exporter's bank to the importer's bank as a requirement of the L/C. The documents that are acquired from the exporter 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 (B/L) and the Insurance.

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 to calculate the depreciation value and the relative taxes. The importer also has to collect the Delivery Order (DO) from the local shipping agent.

3. Submitting the Customs Declaration Manually & Customs Clearance

Both importers of vehicles lodge the CUSDEC manually. They submit the filled CUSDEC form (hardcopy) with the 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 certificate), Declaration of value by the agents, Declaration of valuation of accessories, the Working Sheet, Insurance and the Bill of Lading. The Customs keys in the information into the electronic system and issues a declaration number. The Assessment Note is then issued, after which the Customs verifies documents and checks against the manifest. If the documentation is correct then the importer goes and makes the duty payments to the bank manually. The importer returns with the receipt and gets the accounts updated through the Customs. Then the channel is selected (always amber channel for reconditioned vehicles while it is green/fast track system for new vehicles) and the CUSDEC passed.

4. Clearance at the Ports and Customs²⁶

The agent then goes to the SLPA and makes the SLPA payments. This is on average about Rs. 2000/3000, depending on the area size of the vehicle. To make the payments, 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 ports) by providing the Declaration of Value Certificate and the Declaration of Value of Accessories Certificate. The appraiser then carries out the inspection. Afterwards, the importer presents the Delivery Order and the CUSDEC to the Passing Office which verifies the documents and carries out inspection based on channel. The SLPA verifies the payments and documents with the manifest and approves it. In the meantime, the agent requests for 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 above 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, puts a tally report, signs here and goes to the yard. He gives the keys to the SLPA

²⁶ The car importers that were interviewed did not handle insurance from their end. Also, since not a lot of cars are imported at once, drivers from the firms 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 car show rooms.

drivers to bring it to the entrance of the SLPA after which the importer’s drivers take the vehicles to the importer’s premises.

5. Payment

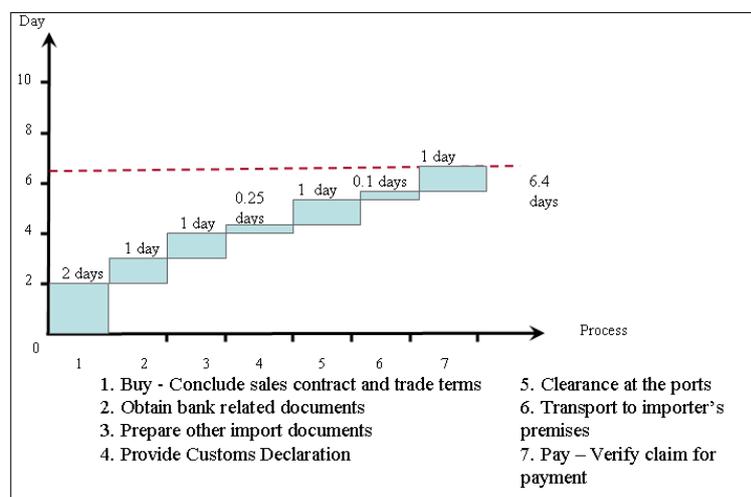
Following the confirmation of purchase and receiving the PI, the importer opens an L/C. The L/C has to be opened on or before the shipment date. The importer needs to fill in an L/C application form which he acquires from the bank and submits the PI as a supporting document. The L/C is then opened. Then 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 it meets 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.

Table 14: Documents and Agencies Involved in the Process of Importing Cars

	No. of Documents	List
Documents for Importing Cars	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 carried out with companies.

Chart 4 : Time Procedure Chart of Motor Vehicle Imports from Japan



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

Table 15: Cost of Importing a Car

Procedure	Cost in US\$
Assembling and preparing documents	5
L/C Cost	26
Customs clearance	22
Ports and Terminal handling costs	26 (depends on the area size required for vehicle-square metres)
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 based on the type of car.

Source: Interviews carried out with companies.

5.4 Fabric Imports from India to Sri Lanka

1. Buy

Selecting a supplier is most often based on the ultimate (end) buyer's nomination and based on the 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, then the supplier raises a Proforma Invoice and sends it to the importer via email. Then the importer prepares and sends a Purchase Order (PO) to the exporter. Payment related work is 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.

The non-BOI importer outlined this process as follows. Once a buyer confirms 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 the technical confirmation. The reports and the samples are then sent to the the buyer who places the order, in order to confirm that they can go ahead buying the textile. After this, they request the Indian supplier for 10-15m of the fabric, and the Sri Lankan exporter makes a sample Product A and sends it to a lab (in Sri Lanka) to test it (wear test). Then the Purchase Order is sent to the Indian counterparty outlining all the technical requirements. One copy of the PO acceptance is obtained from the supplier, for original signatures and the documents are couriered. Then the supplier ends a Proforma Invoice stating their requirements (payment condition, etc.) which is signed and returned to the supplier. Once an L/C is opened, then the shipment is prepared.

2. Collect Documents for Imports

2 sets of documents are sent by the supplier – 1) original set of documents to the bank, 2) copy of the set of documents to the buyer. These 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, 7) Certificate of Origin. If the documents comply, then the payments are released when the documents are collected. The DO has to be acquired from the shipping line.

3. Obtain Cargo Insurance

If it is FOB cargo, the BOI 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 Cover which is collected by the importer/delivered by the Insurance Company to the Importer. Insurance premium payment is then paid monthly by the importer. If it is CIF, then the supplier bears the insurance coverage.

The non-BOI company gets the insurance cover on consignment basis by providing the Proforma Invoice.

4. Arrange Transport

After obtaining the DO from the Shipping Agent the importer reserves the trailer by submitting a Booking Request and the DO. The Inland Haulage acknowledges the booking request and issues a Release Order. The trailer is then sent to the ports directly with the Gate Pass that the importer provides.

The trailer driver hands in the Gate Pass to the crane operator to get the container out of the vessel and loads it to the trailer to deliver it to the clearance point at the BOI. Once the consignment is released from the clearance, then it is moved to the factory.

5. Submitting the Customs Declaration Online

The CUSDEC is lodged through EDI together with the supporting documents (CI, B/L and Packing List). The Customs 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. The importer then takes a printout of the CUSDEC, make the relevant number of copies (6 copies of the CUSDEC) and takes it to the clearance department of the BOI.

The non-BOI company on the other hand, has to go to the Sri Lanka Customs office (the main office situated not within the BOI but outside, in Colombo) with the same set of documents.

6. Customs Clearance

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

two Customs officers examine the consignment and if the declared goods tallied with the packing list and the Commercial Invoice, then the declaration is returned with “Panel Examination Completed” seal on.

7. Clearance at the Ports

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 the B/L. 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, puts a tally report, signs here 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 passes the DO, after which the importer makes the terminal handling charges and takes the consignment to the factory.

However, 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 which is of close proximity to the Port (a container is usually expected to reach this yard within an hour for inspection). The DO is passed at this point.

8. Clearance at the BOI

The BOI importer, once at the BOI, submits supporting documents (CUSDEC, CI, DO, B/L, Packing List, Insurance) to the BOI Office and the officer cross checks declaration information with submitted documents and decides whether to inspect the cargo or not. If it gets selected for inspection, then the cargo should be 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 factory. If any misconduct is found during the inspection, then the goods are to be unloaded at the declaration point and BOI files a case against the importer.

9. Pay

The most common form of making a payment is via L/Cs because it is considered by these companies to be the most reliable money settling tool. Following the confirmation of purchase and receiving 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 handed over to the supplier’s bank by the supplier. 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 it meets 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.

However, 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 4-5 days, the documents take about 10 days to reach the importer; the B/L is issued only after the shipment is effected. However, since a payment document needs to be shown in order to clear a shipment, the importers, obtains the fax copies, gets them endorsed and obtains a bank guarantee. Goods are cleared by showing this bank guarantee.

Table 16: Documents and Agencies Involved in the Process of Importing Fabric

	No. of Documents	List
Documents for Importing Fabric	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

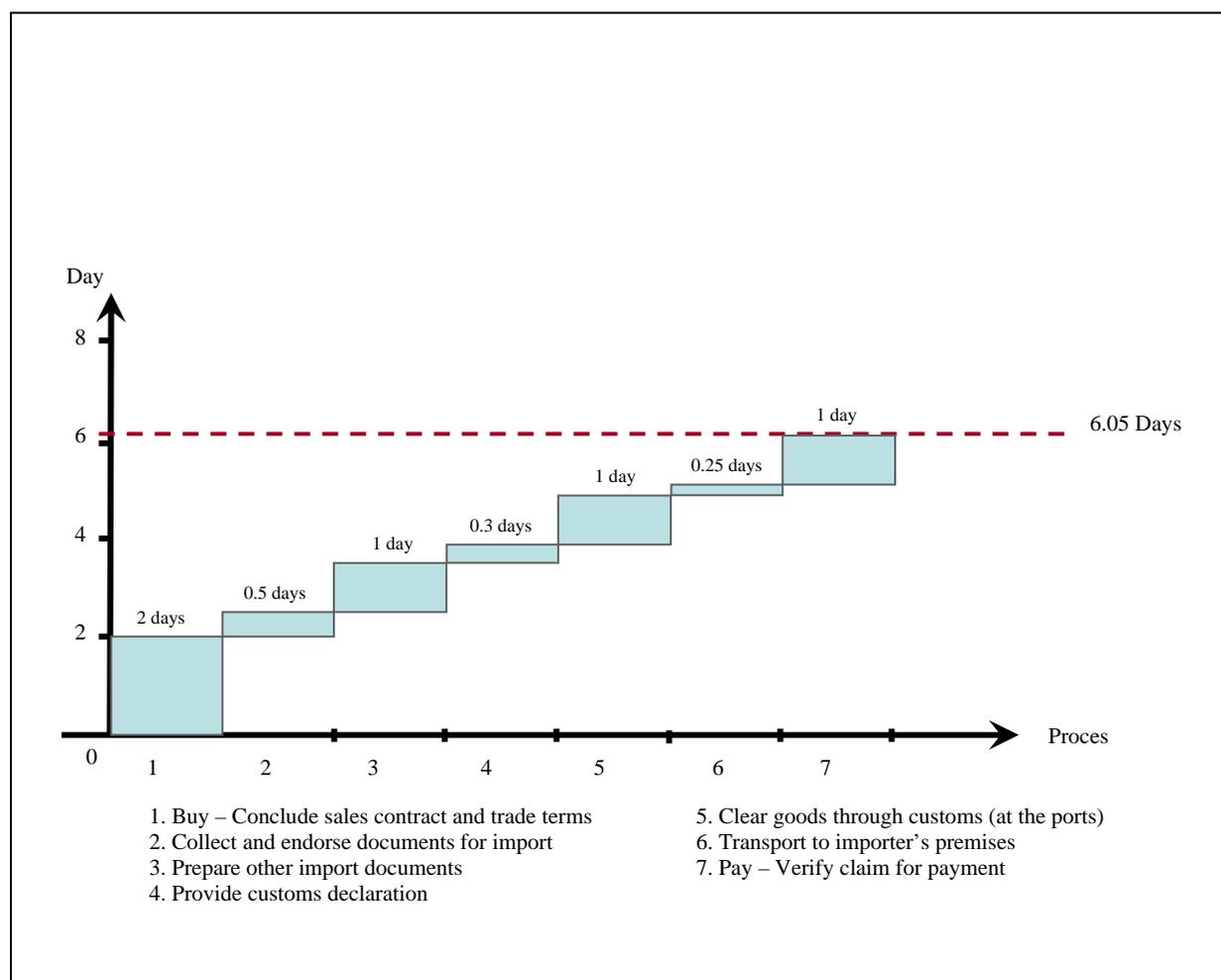
Source: Interviews carried out with companies.

Table 17: Costs of Importing Textiles from India

Procedure	Cost in US\$
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:* L/C cost is 0.125% from the invoice value. Invoice value differs often based on the type of material/quantity imported.

Chart 5: Time Procedure Chart of Importing Textiles from India



6. Analysis

It is interesting to note that although the number of documents required in the trading process, agencies that need to be visited, etc., is considerably high the interviewed companies have become acclimatized to the process 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.

The export process seems to be relatively more cumbersome than the import process requiring a higher number of documents, higher number of agencies involved thereby, leading to more days to export and higher costs (see Table 19). There are no noticeable differences in the time and costs of exporting/importing between the large companies and SMEs with the processes being the same for both.

However, it was possible to identify several key differences in the BOI and Non-BOI processes. They are outlined in Table 18. The ability of BOI companies to submit the CUSDEC, make the payments and examine the cargo within the FTZ, provides the BOI companies an advantage mainly in terms of time and lower hassle, i.e., avoiding long queues,

need to transport imports (if selected for examination) to yard outside the ports, etc. The only additional cost seems to be the Rs. 375 (US\$3.3) that the BOI companies have to pay as the BOI service charge whereas Non-BOI companies have to pay Rs. 250 (about US\$2.5) to lodge the CUSDEC.

Table 18: Main Differences of BOI and Non-BOI Processes Identified

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 Free Trade Zone (FTZ)
	Payment of duties and taxes	To bank located near Long Room	Bank counter at the BOI in the FTZ
	Determination of 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 (when required)	Cargo verification by Customs	Cargo verification by BOI at FTZ

Source: Interviews with the companies.

Table 19: Summary of Import/Export Times, Costs, Document Needs and Agencies Involved

Process	Product	No. of Documents	No. of Days to Export/Import	Cost in US\$
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
	Textile	19	6.05 (3.05)	677
	WB Doing Business 2010	6	20	745

Note: values within parentheses shows time estimates when time for the 'buy' and 'pay' processes are excluded.
Source: Interviews.

There are some considerable differences when the findings of the study are compared with that of the World Bank estimates. The number of documents required for import/export, based on this study is much higher than the WB numbers, and the number of days required are lower than those estimated by WB.

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 (see numbers in parentheses in Table 19).

The differences between the WB numbers and ours may be due to the following:

- (i) Some of the documents required are product specific and may not be required when trading some other goods.

- (ii) The study has considered documents involved in the import/export process from the point of order to shipment, including those handled by 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. However, the WB Doing Business estimates may not have taken these documents into account.
- (iii) 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 the study) and are not required for all export consignments.
- (iv) One of the components of the WB estimates - the waiting time before the next vessel departs – was not measured in our study.
- (v) While many of the companies interviewed had clearing house agents in-house, the ones who had 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 has outsourced clearing handles only the clearance of vehicles and is thus, specialized in the relative processes. Their knowledge and connections enable them to go through the processes quickly and with less hassle.
- (vi) 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.

Table 20: Actors of the Main Steps of the Import/Export Process

Process	Main Step	Actors of Process (private/public)
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

Several trade facilitation related areas that need improvement were highlighted,

- *Taking forward the computerization and automation of trade procedures*

The need to physically go to the customs/BOI was seen to be one of the major impediments in trade currently in Sri Lanka. In Sri Lanka, only the initial step of lodging CUSDECs can be done electronically, after which traders/agents have to go manually with the CUSDEC to the customs/BOI to get the other signatures and approvals. According to Customs sources, about 80 per cent of the CUSDECs are still lodged manually. Interviews with both large scale and SME traders and agents highlighted the need to have a fully automated system in place. Due to lack of automation, several copies of each document have to be made, thereby increasing paperwork. The need to have all related agencies under one roof was also highlighted.

- *Delays in Documentations Reaching India/Sri Lanka*

One of the major constraints that exporters/importers who trade with India identified was the delays in acquiring the necessary documents. The Certificate of Origin (COO) is issued only after the shipment has been effected, and 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 effective benefits of the FTA between the two countries too 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.

- *Clearance during holidays*

Clearance of consignments is not carried out by relevant authorities like the Customs during holidays including weekends. The need to work around the clock to facilitate trade was highlighted. The need to pay overtime to clear shipments after 4 p.m. was also seen as a hindrance.

- *Better control over rates charged*

In the case of CIF when the supplier bears the freight and insurance charges, the local shipping lines/ freight forwarders demand different amounts for different goods 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 where the payments can be deducted from an account. As a result, the money has to be physically moved. This was identified as a hindrance and an opportunity for officials to demand unofficial payments.

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Appendices

Business Processes of
Reconditioned Car Imports
from Japan

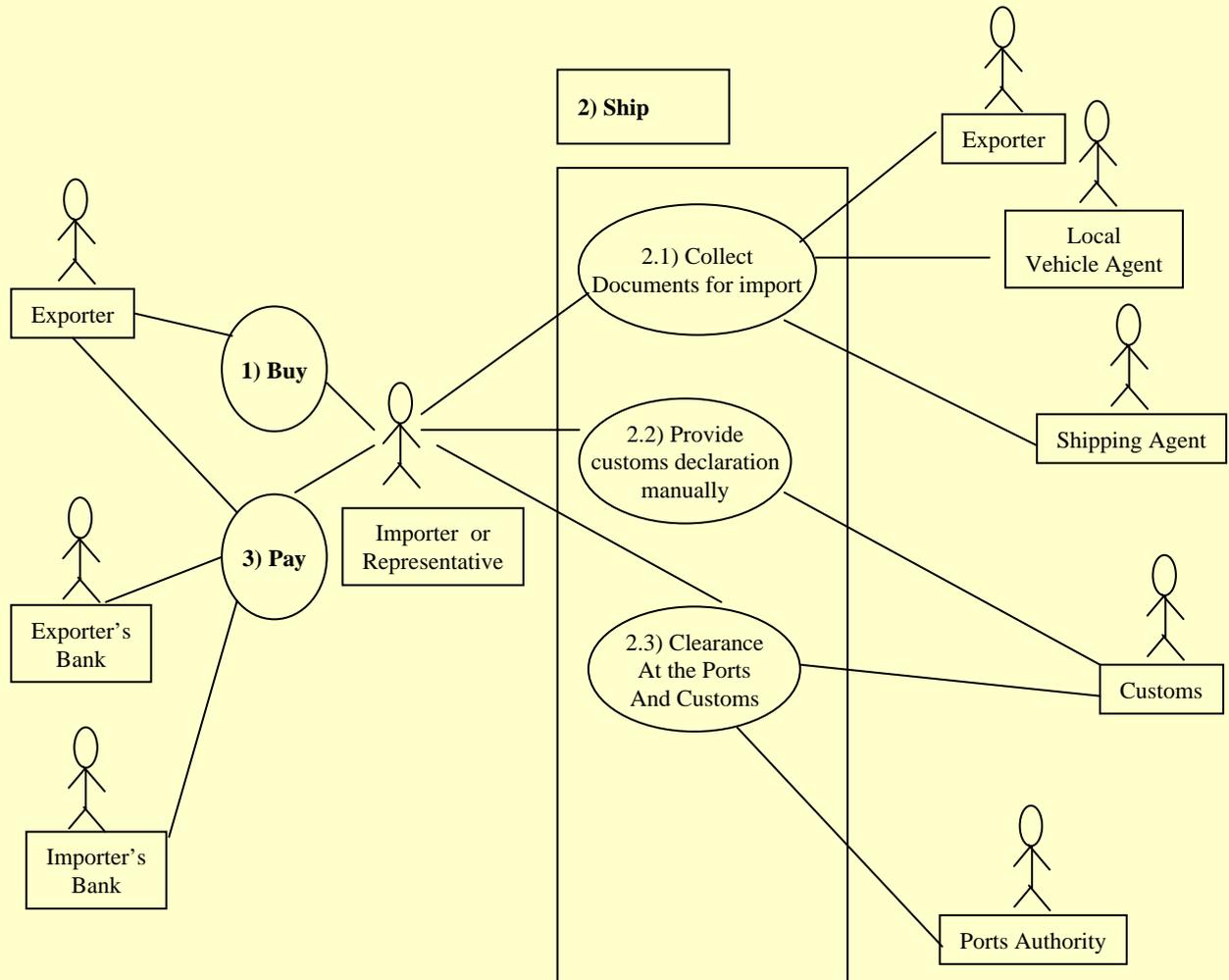
Documents

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

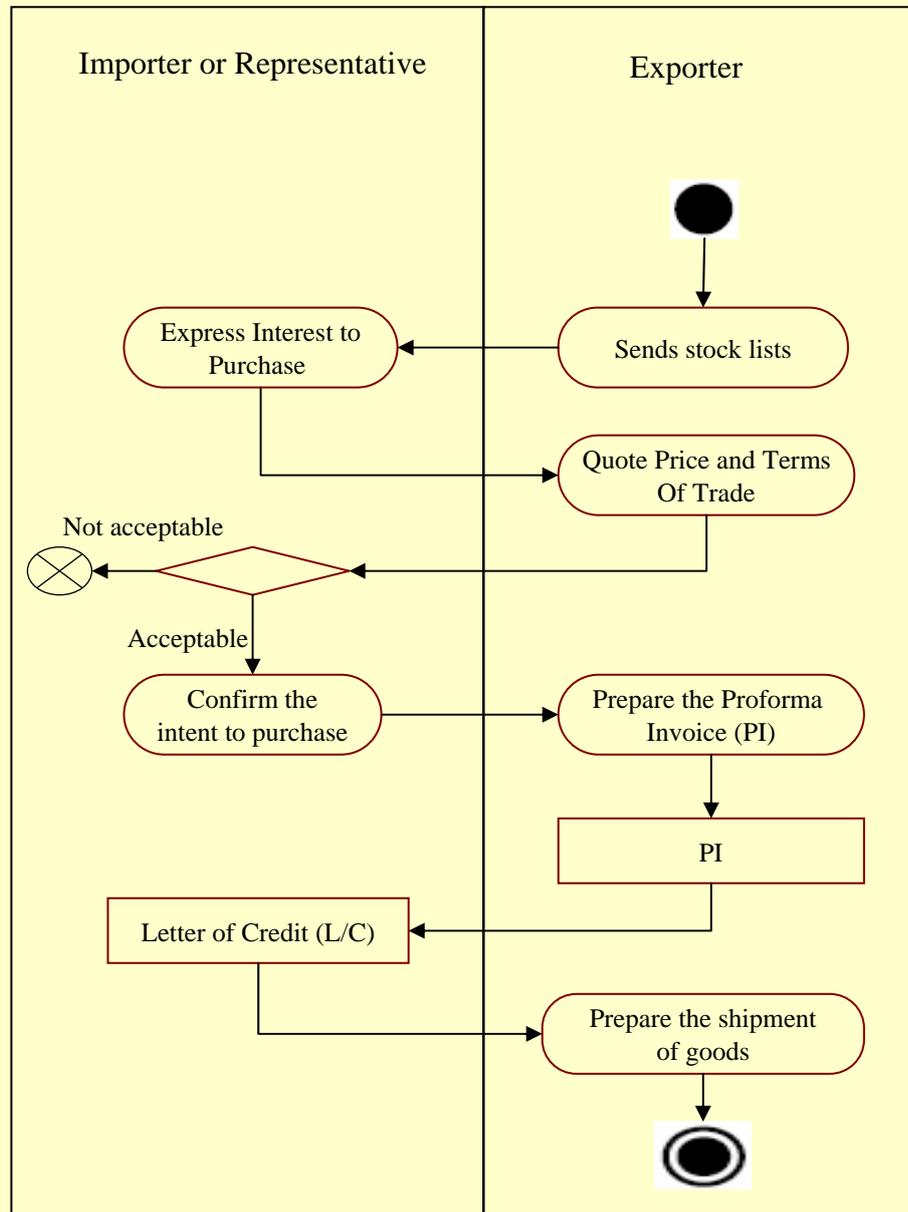
Agencies that need to be visited

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

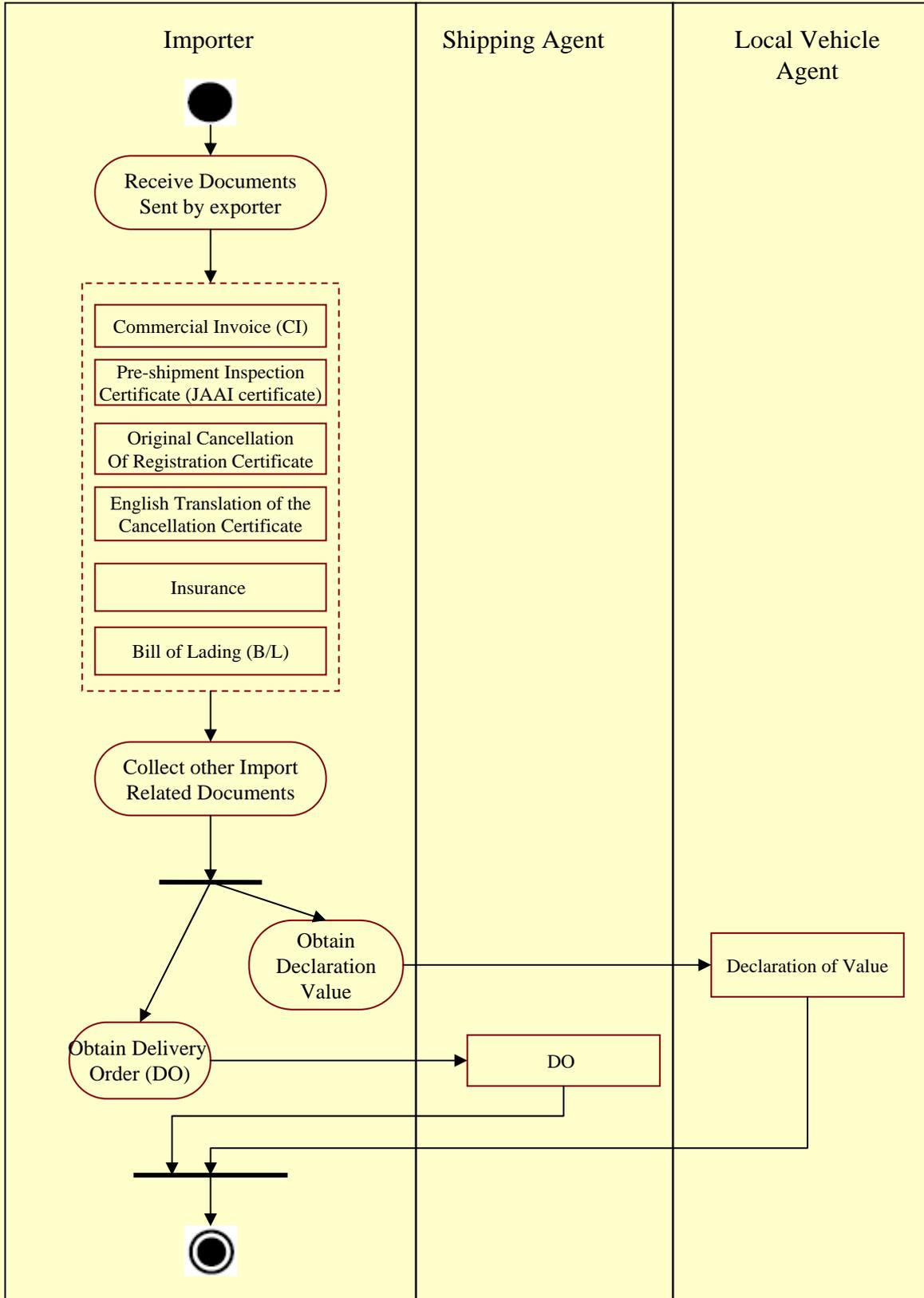
Use Case: Reconditioned Car Imports from Japan



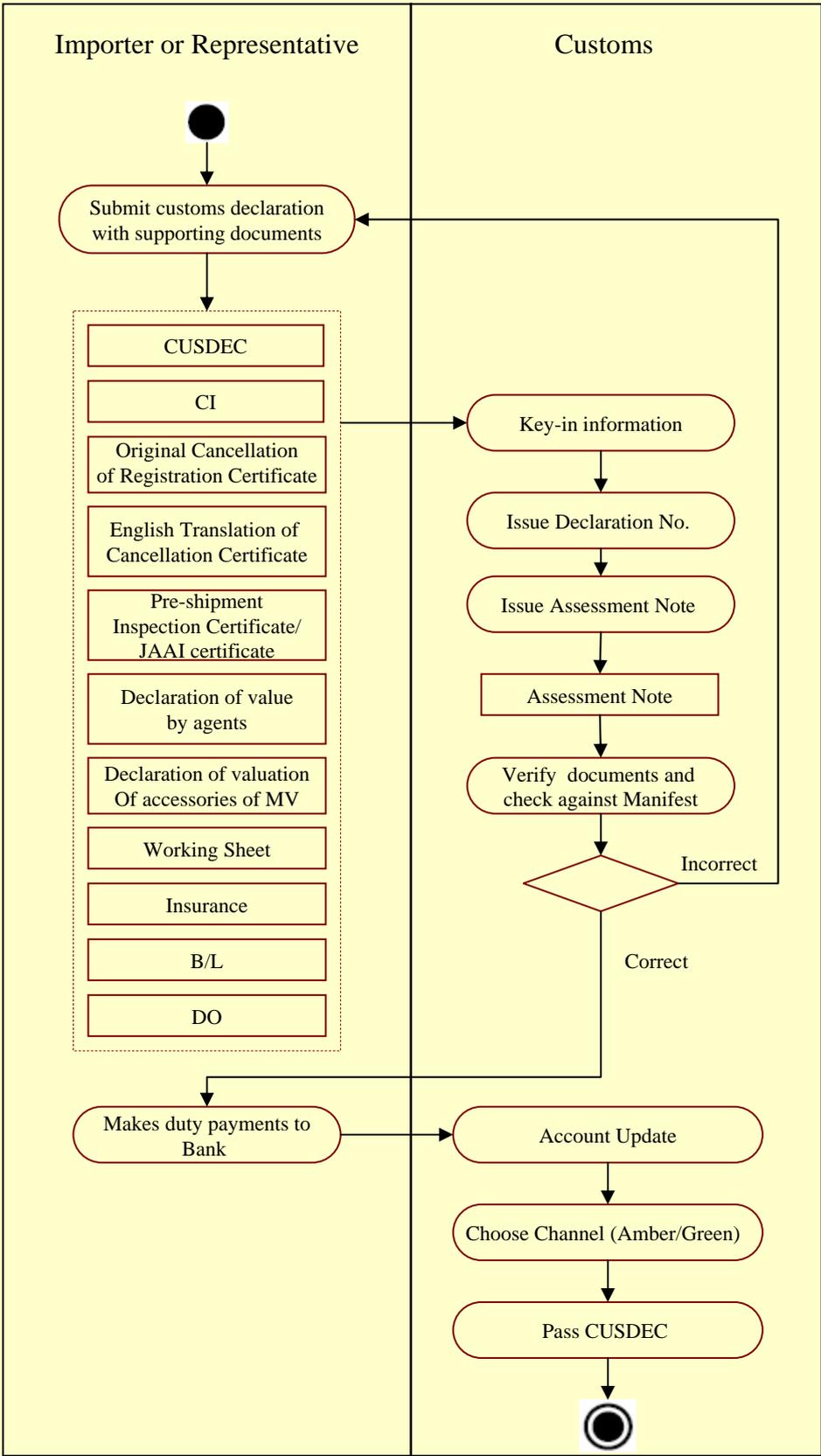
1. Buy



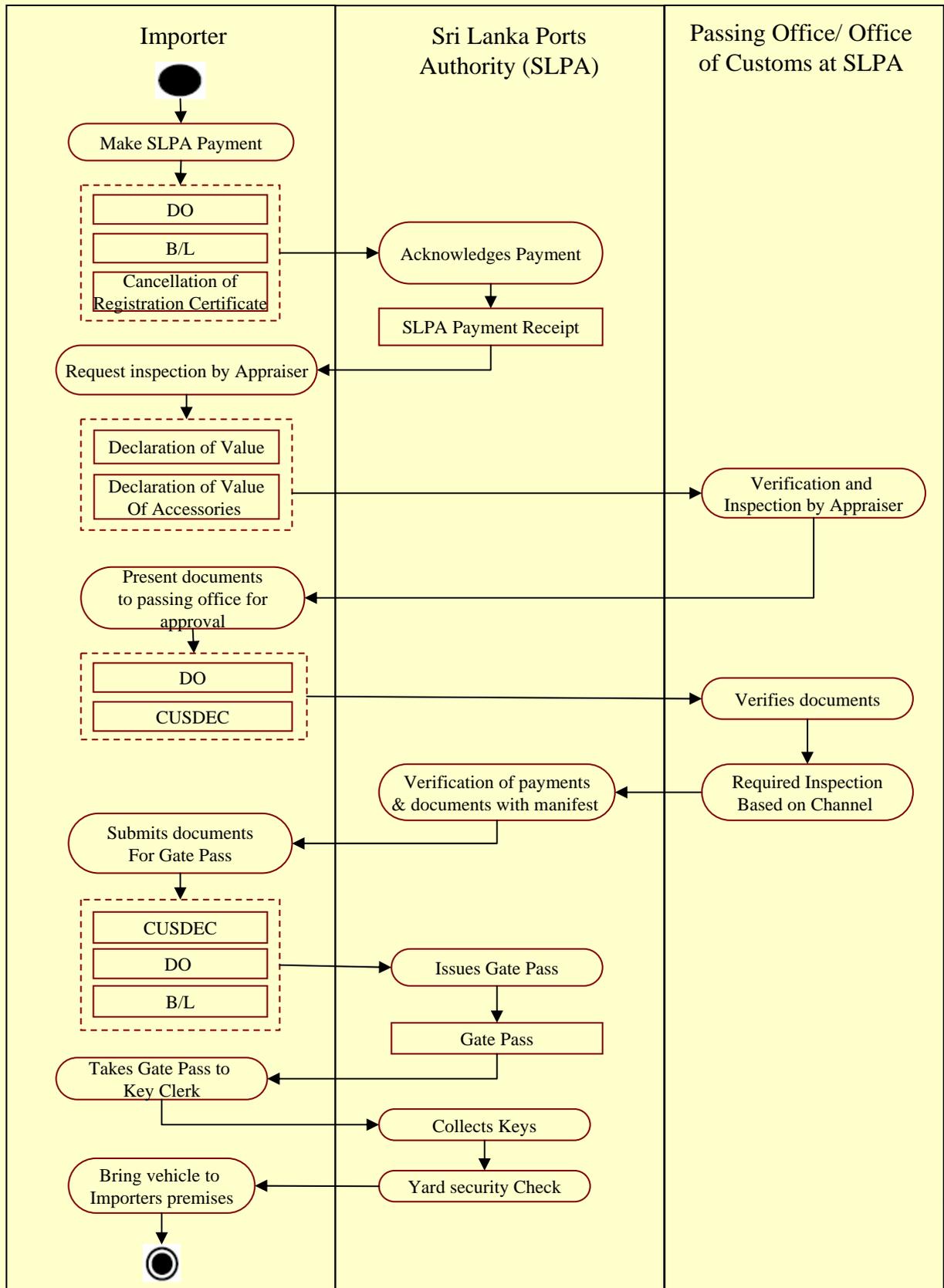
2.1 Collect Documents for Import



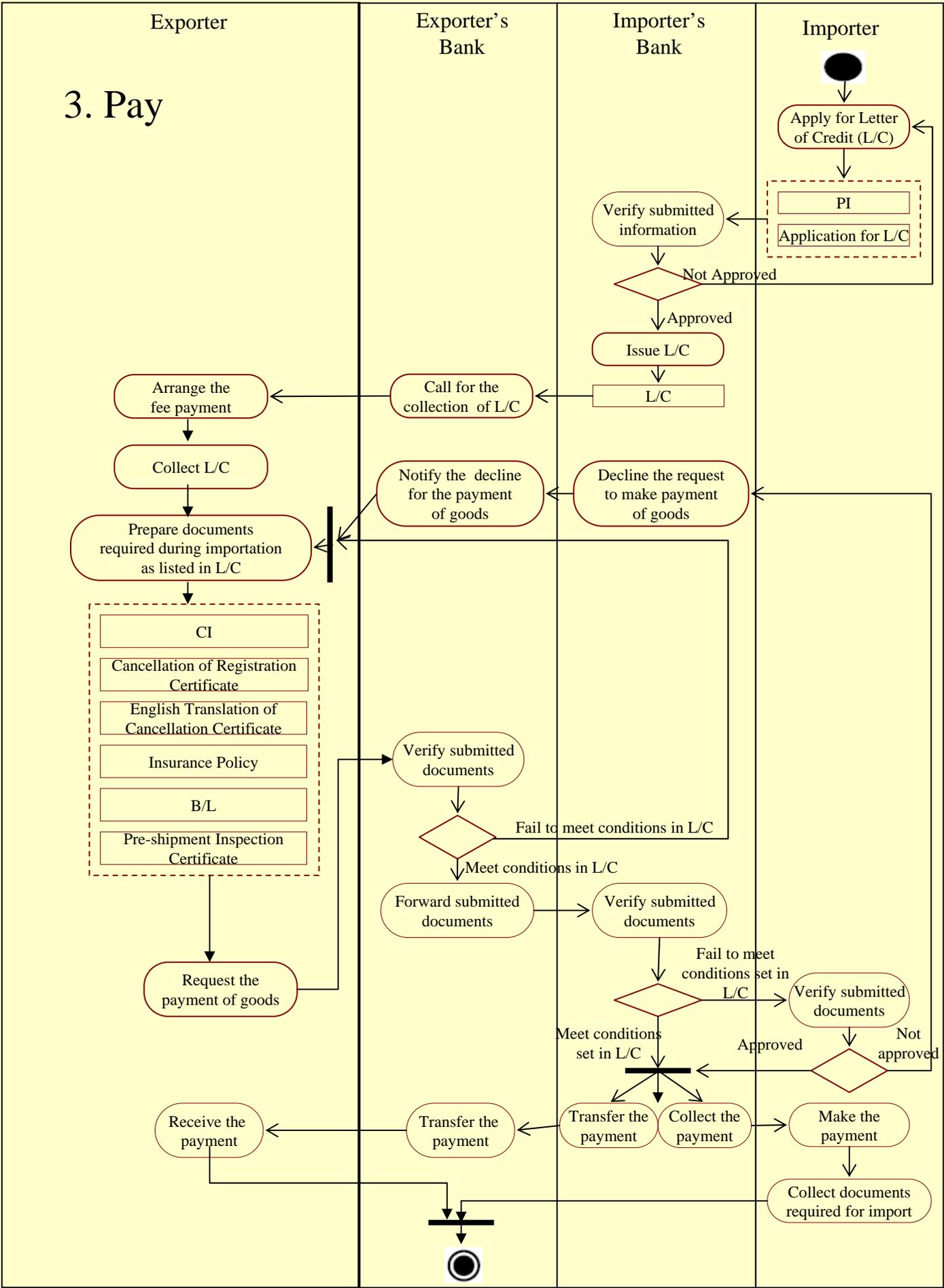
2.2 Provide Customs Declaration Manually



2.3. Clearance at the Ports & Customs



3. Pay



Business Processes of Tea
Export from Sri Lanka to
Japan

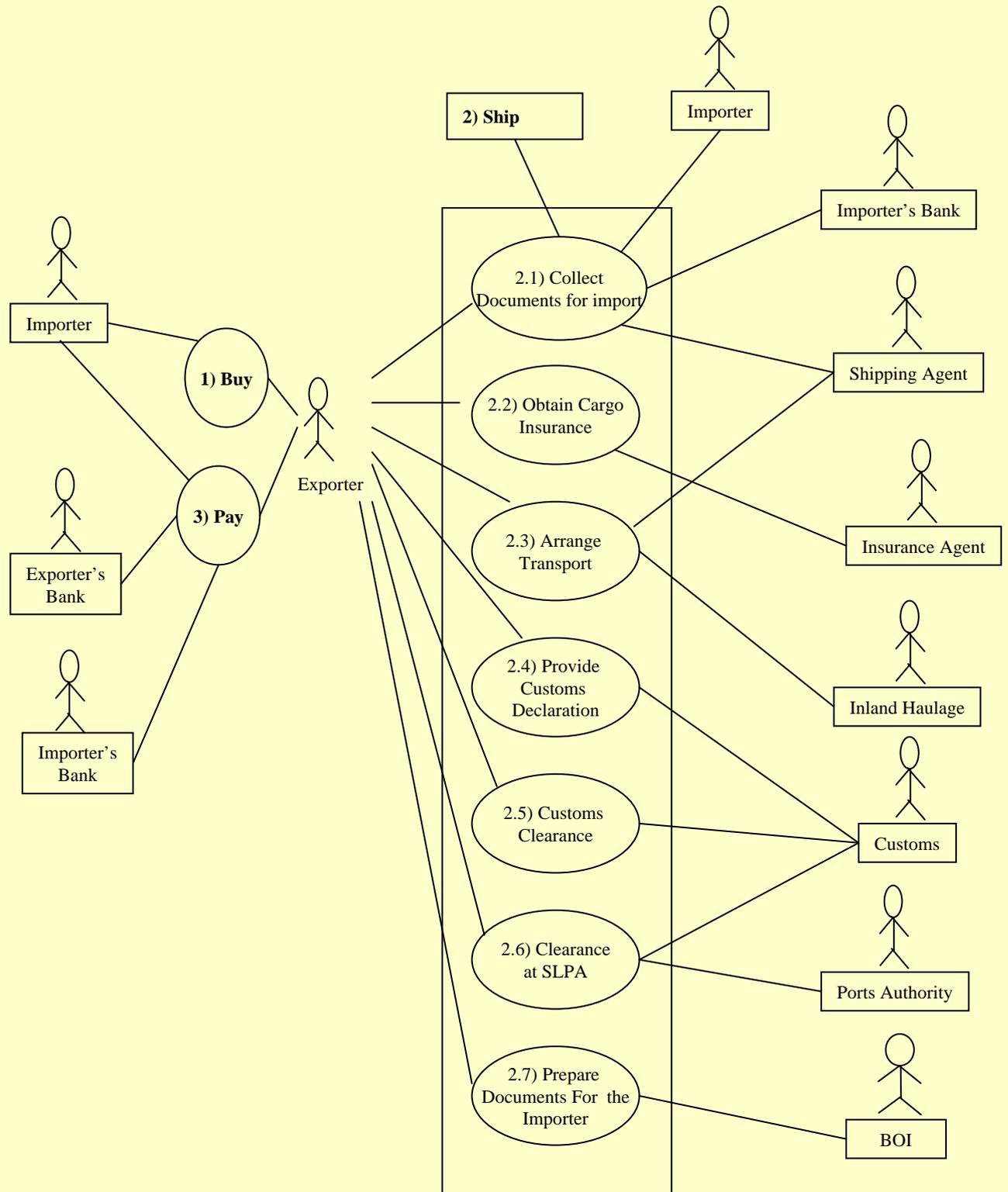
Documents

- 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**

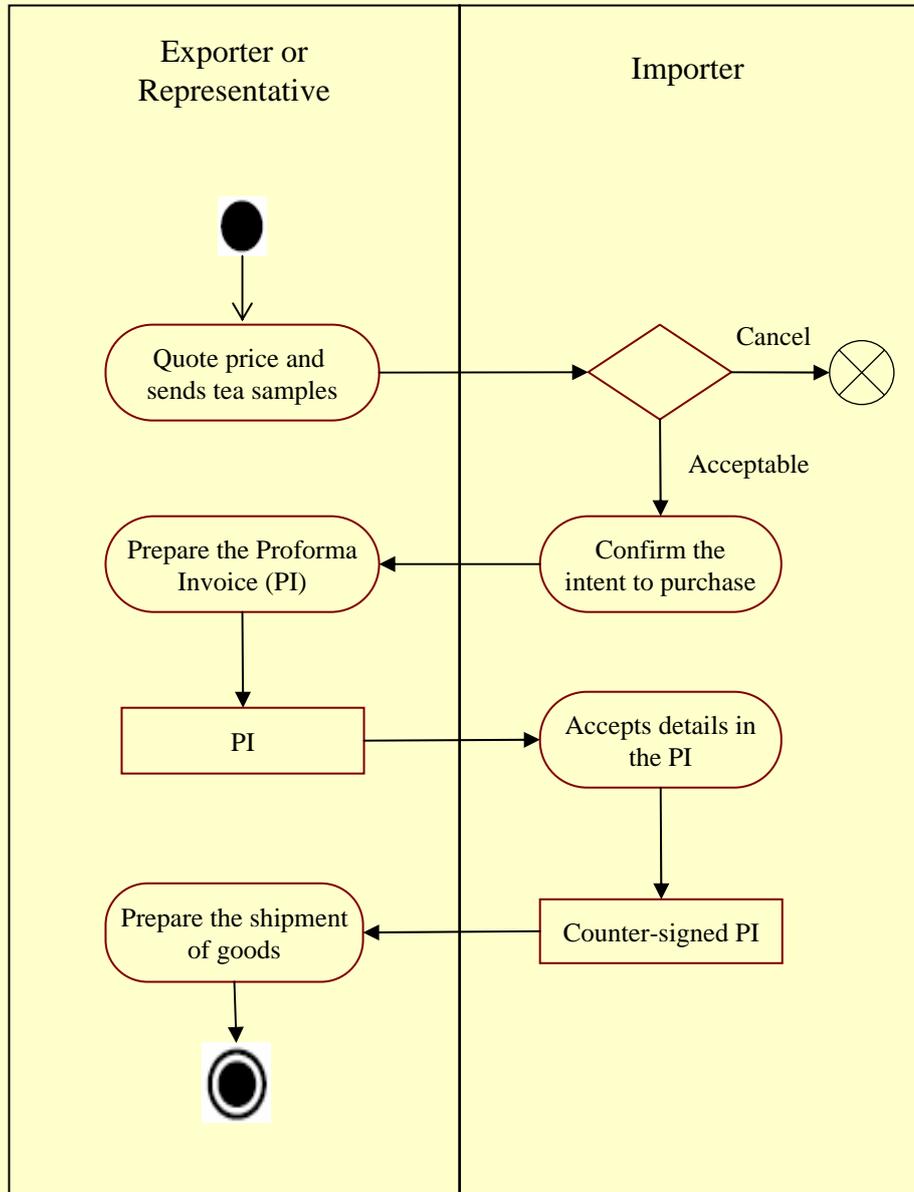
Agencies that need to be visited

- 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**

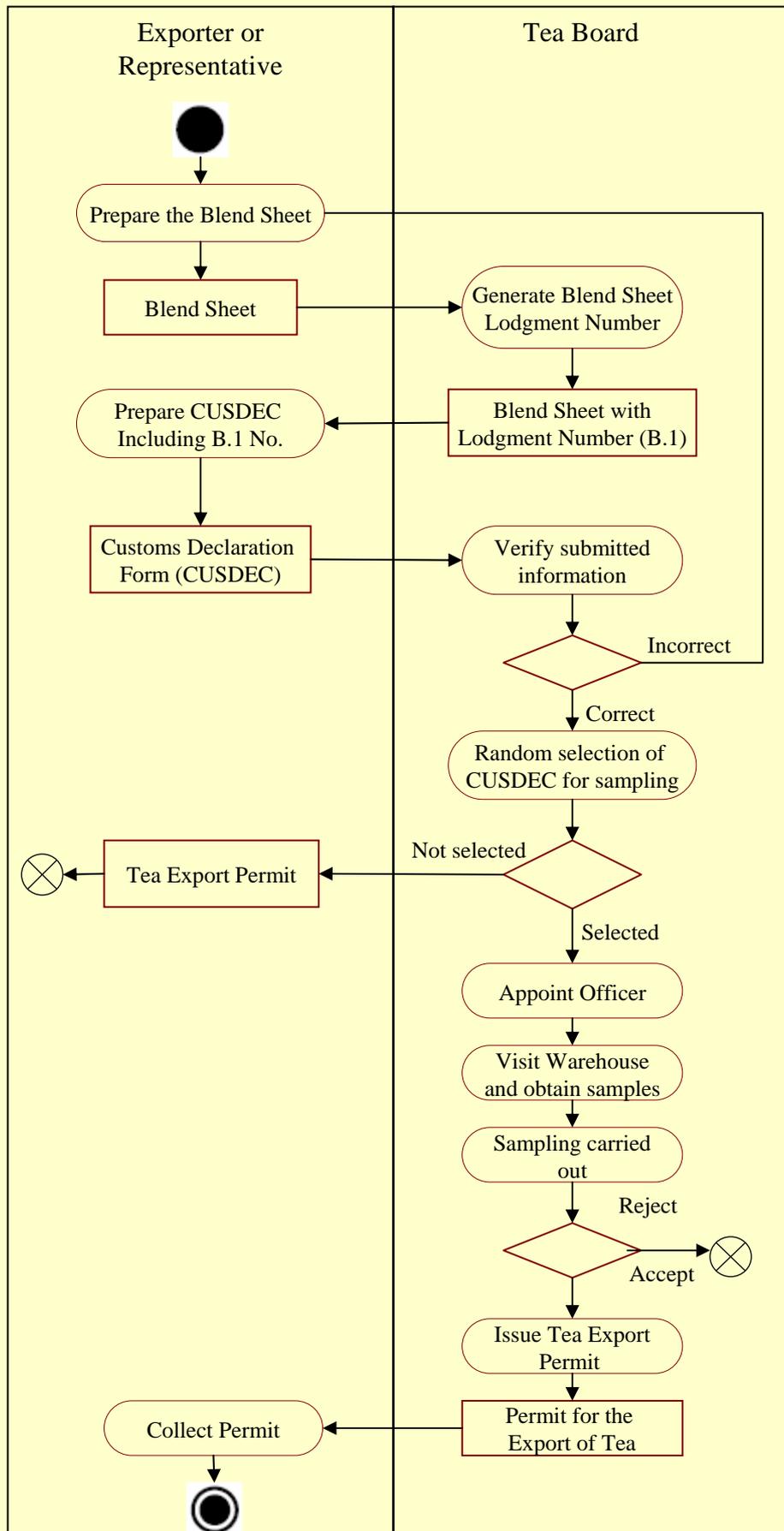
Use Case: Exports of Tea to Japan



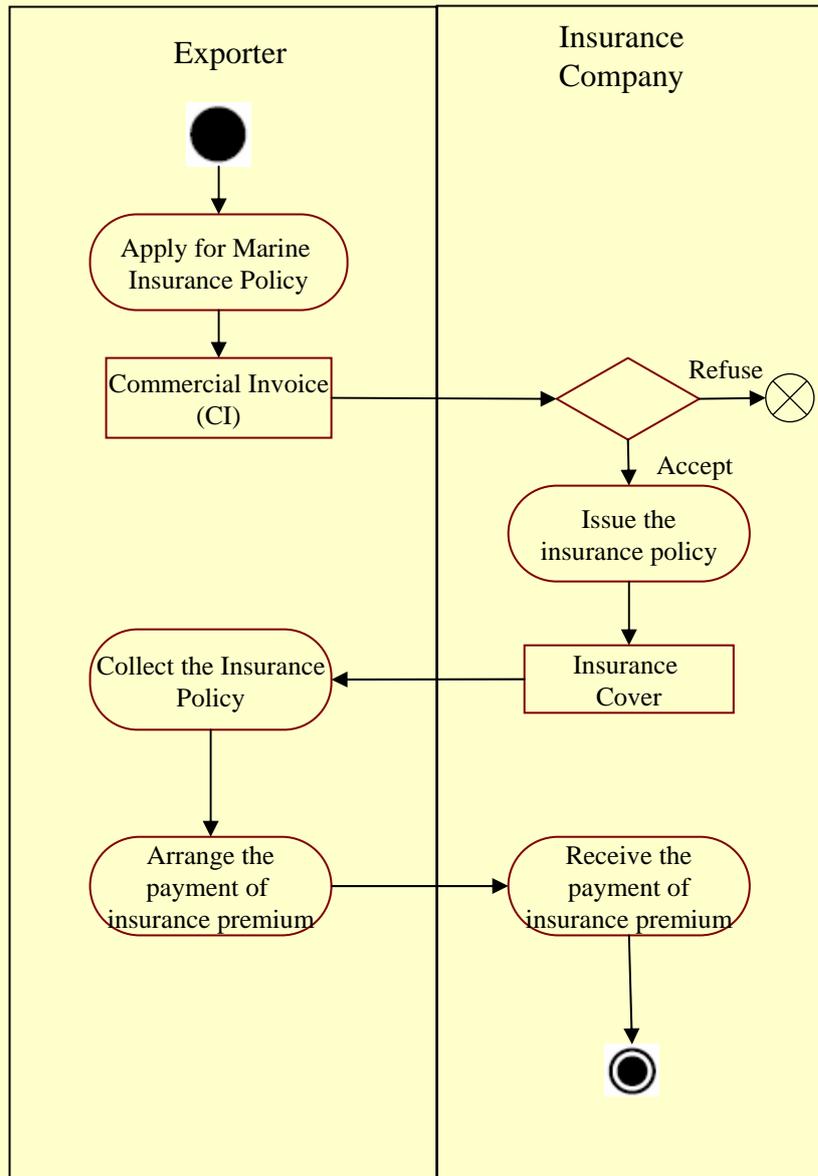
1. Buy



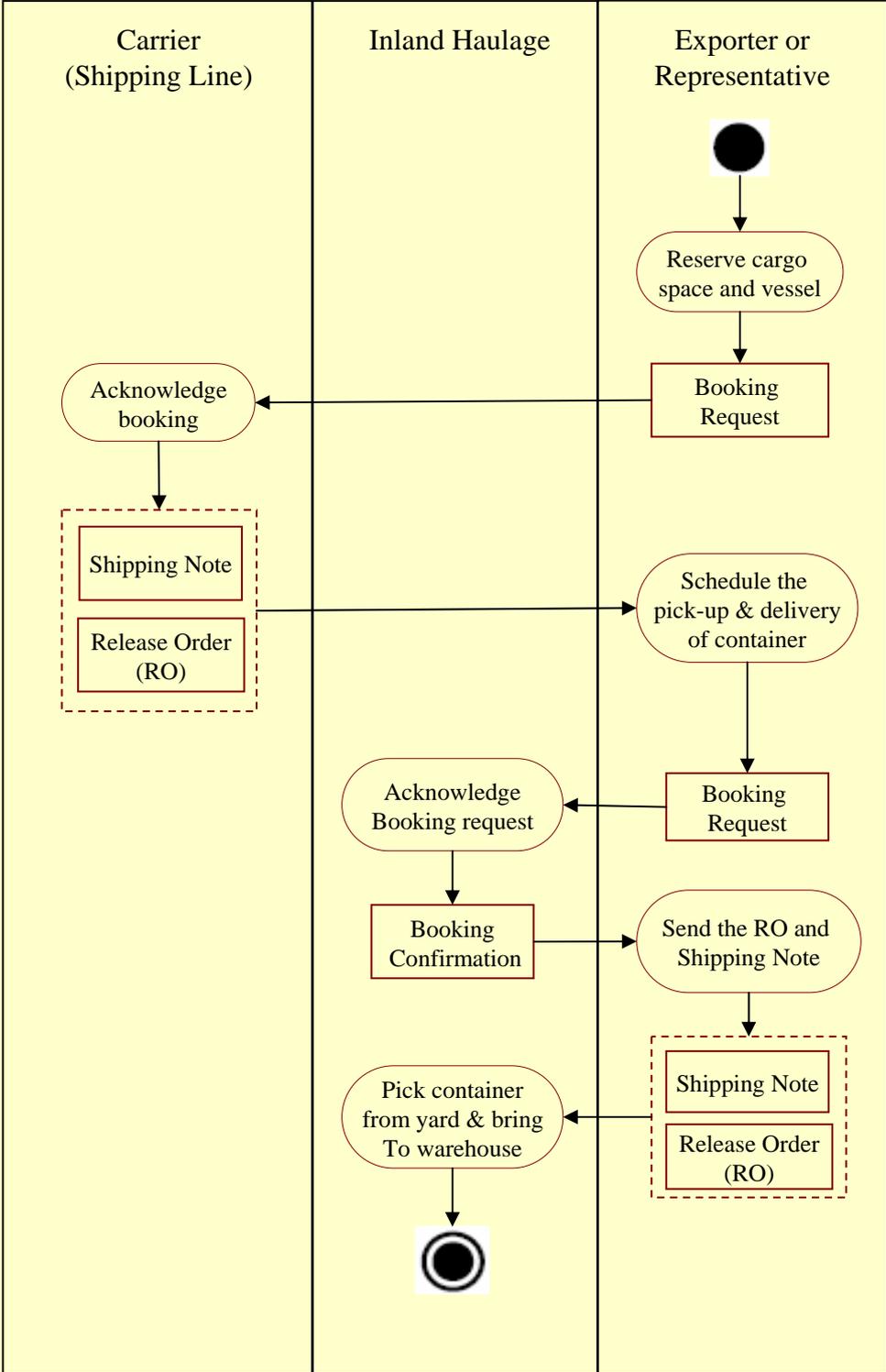
2.1 Obtain Export Permit



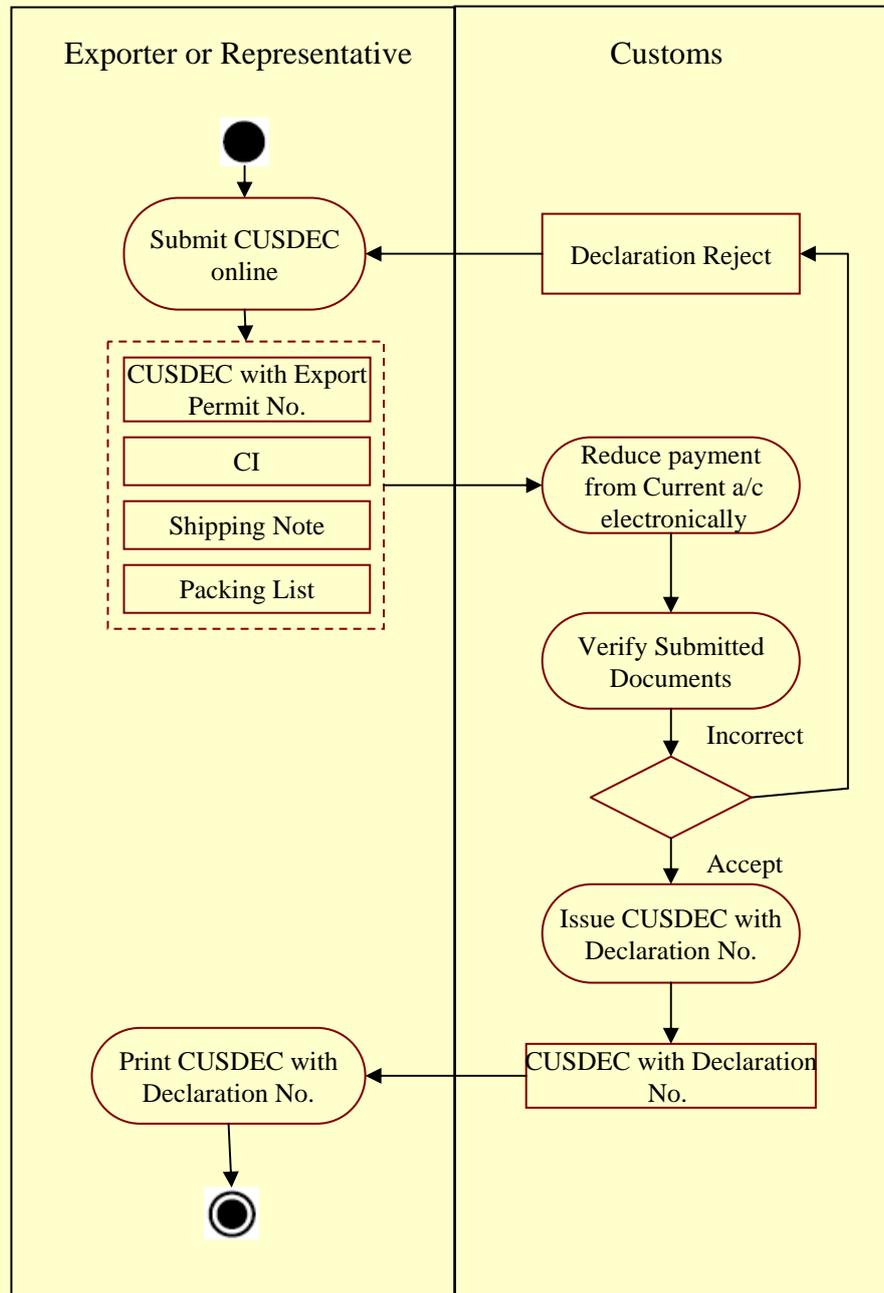
2.2 Obtain Cargo Insurance



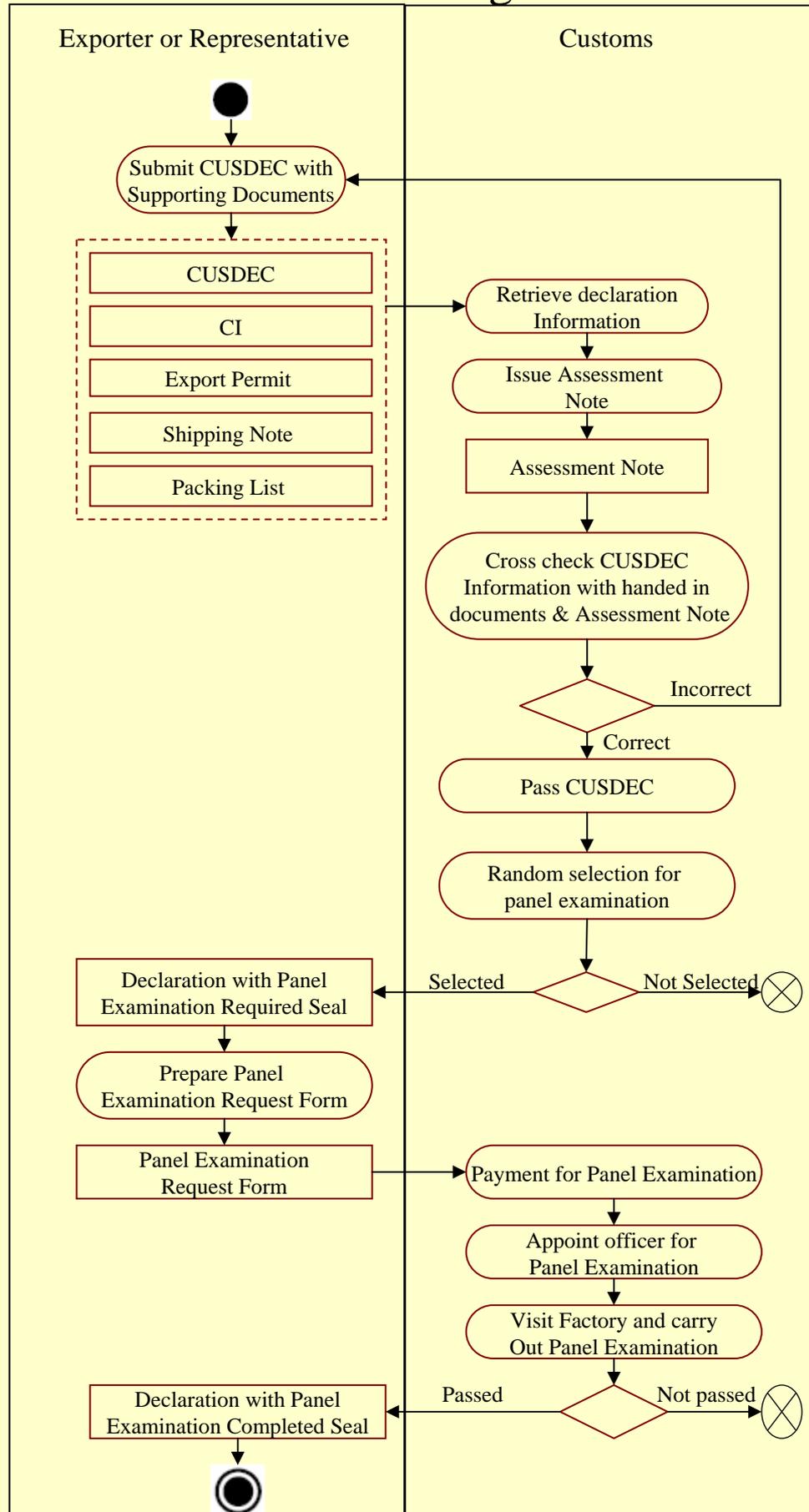
2.3 Arrange Transport



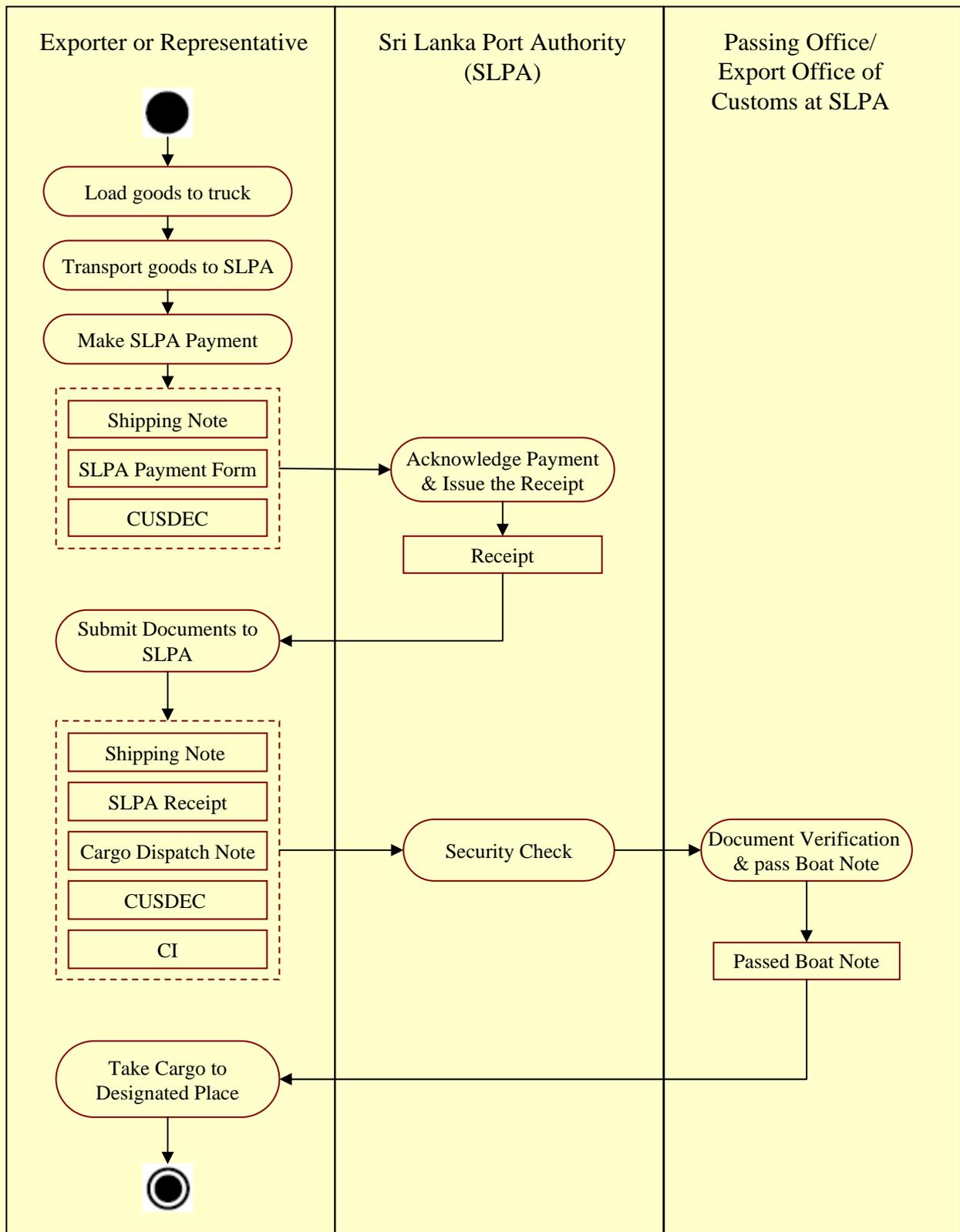
2.4 Lodge Customs Declaration Online



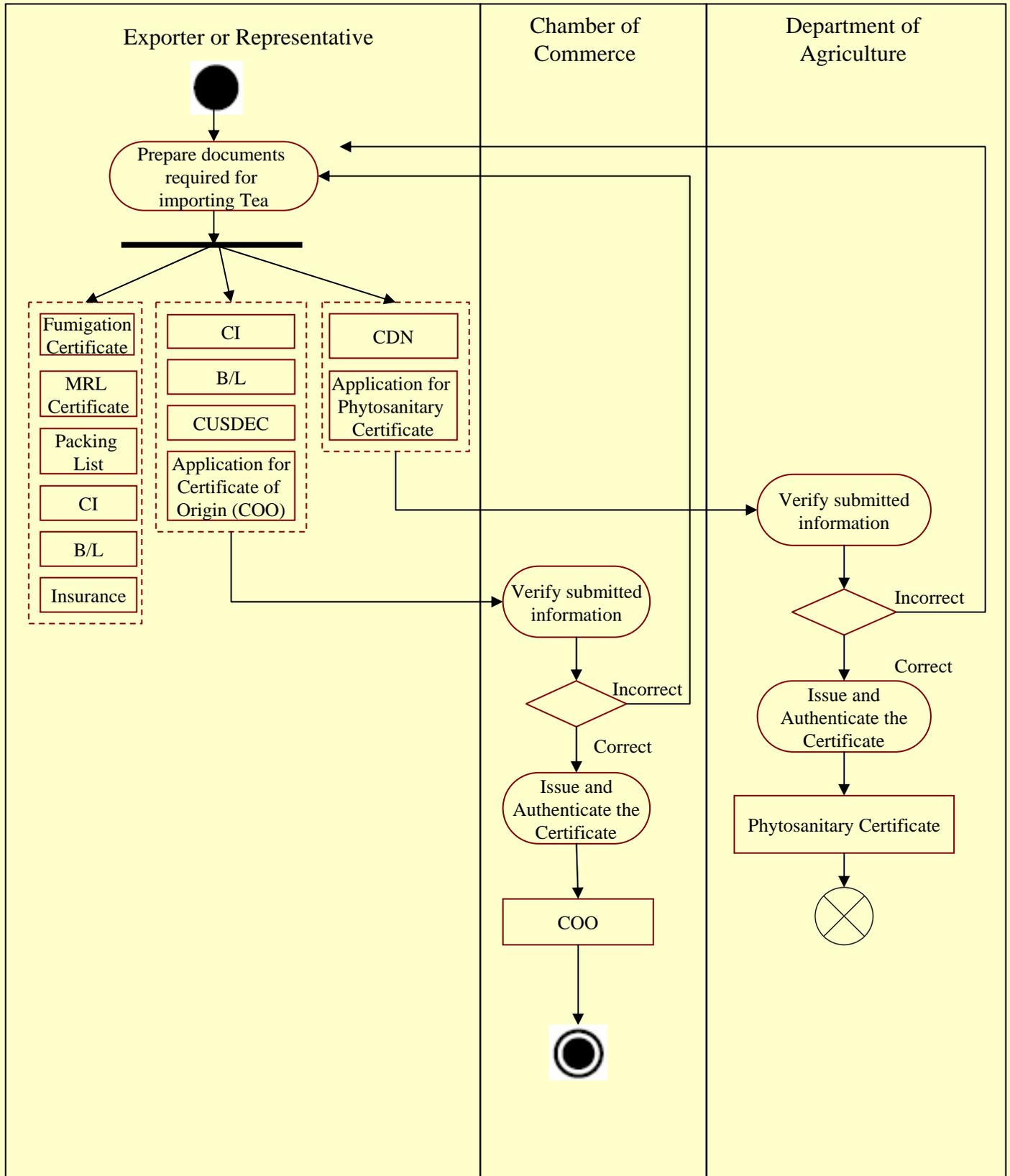
2.5 Clear Goods Through Customs



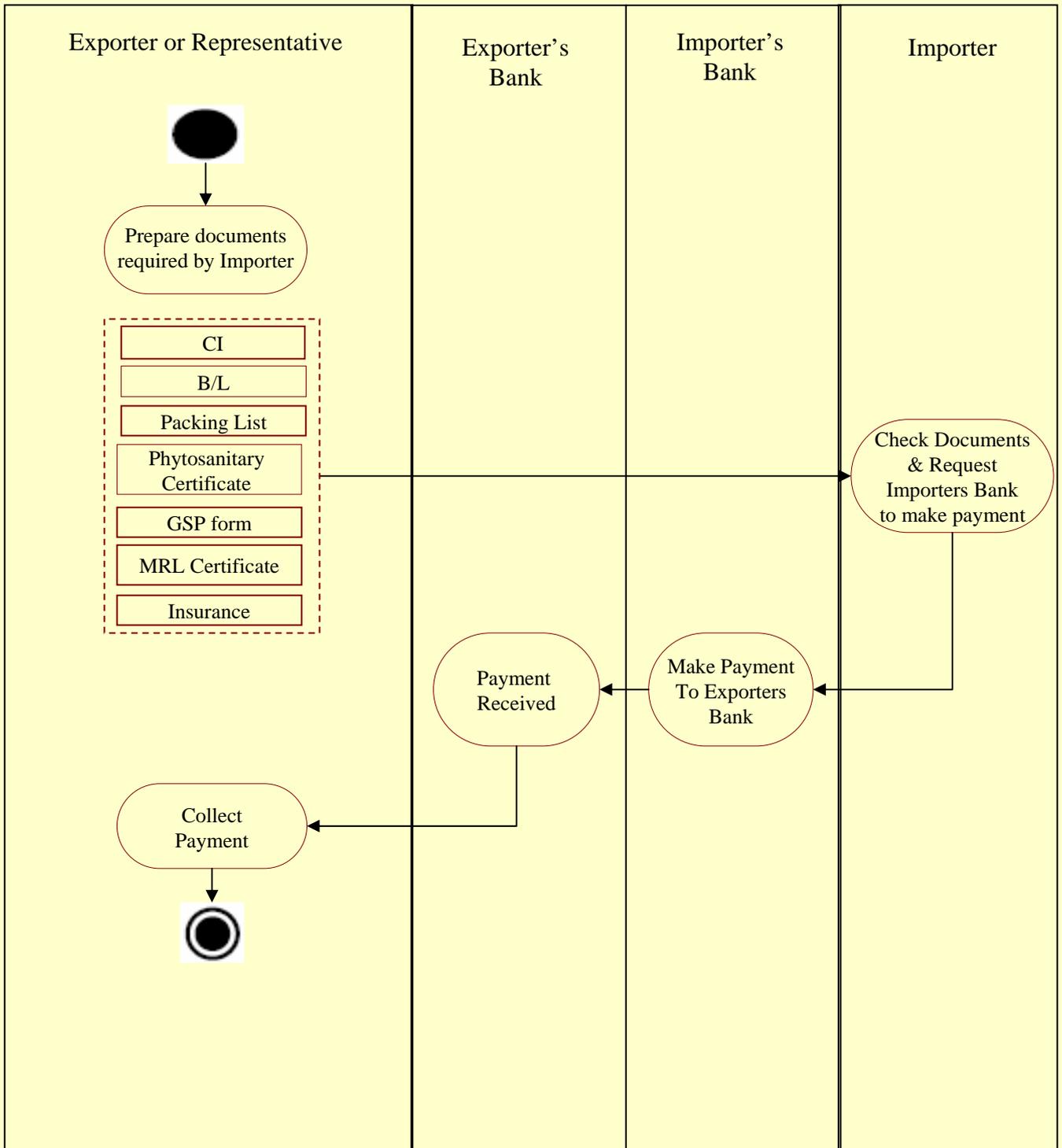
2.6 Transport to Port of Departure and Clearance



2.7 Prepare Documents Required by Importer



3. Pay – Telegraphic Transfer



Business Processes of Fabric Imports from India

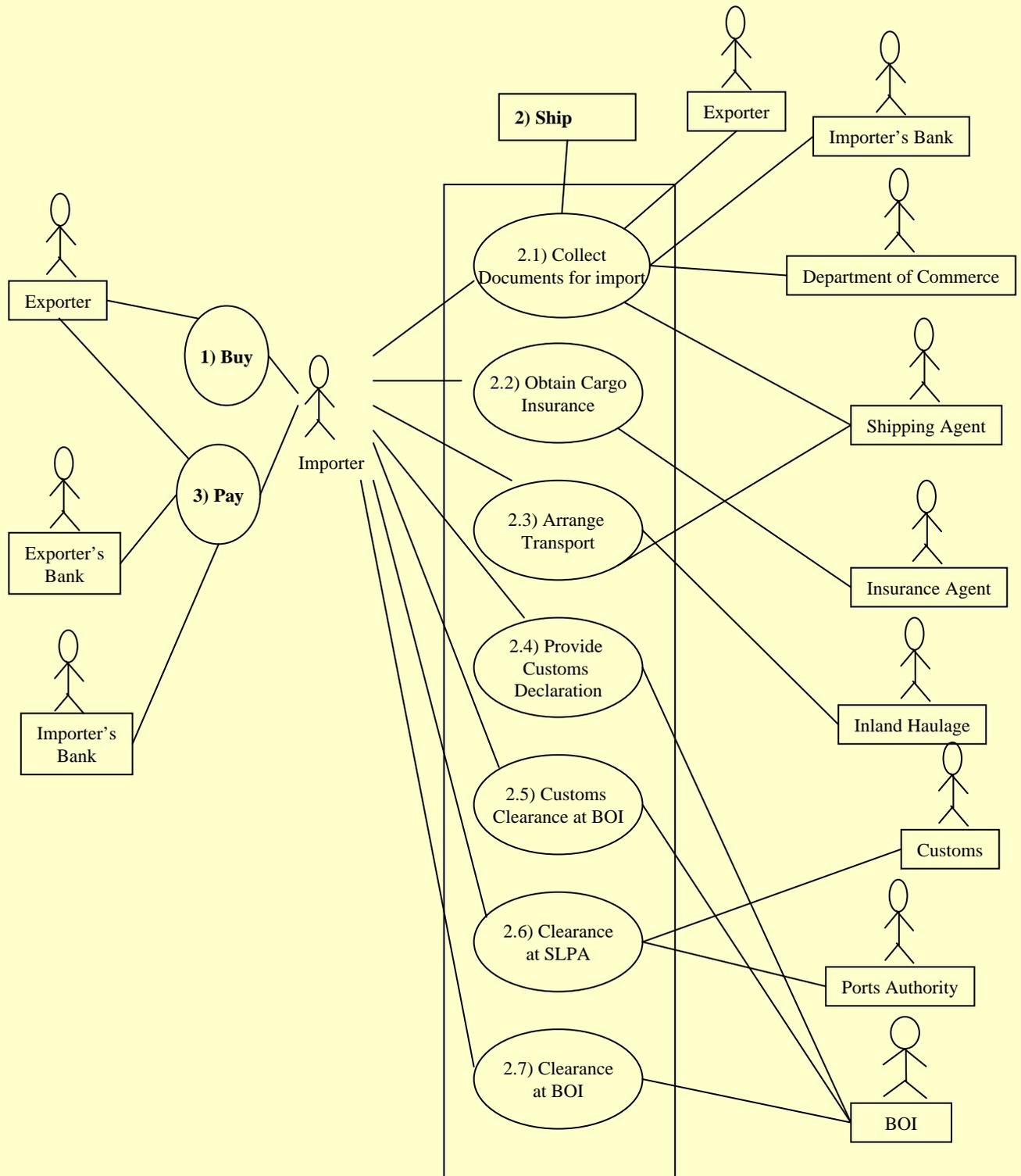
Documents

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

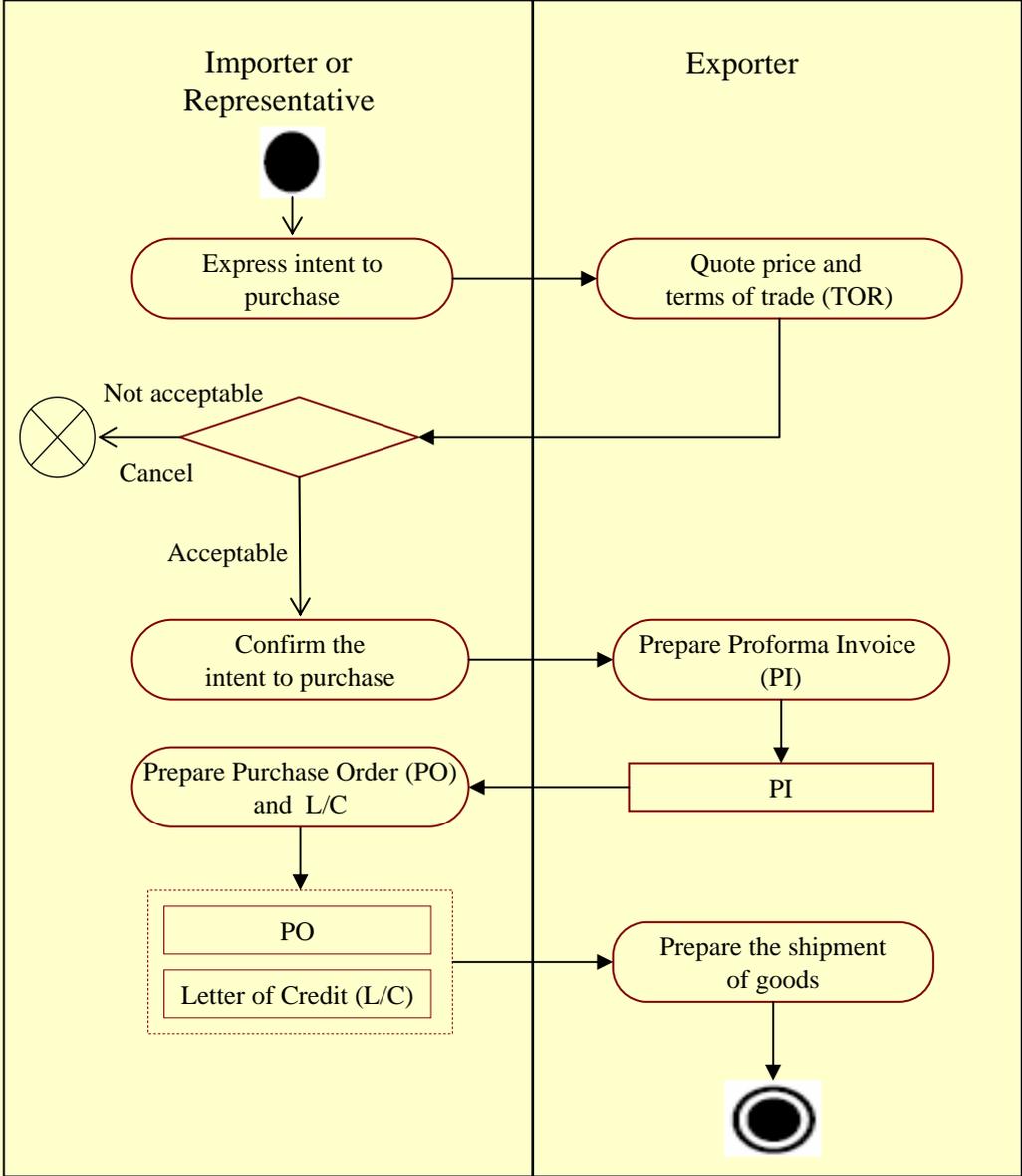
1. Bank
2. Shipping Agent
3. Department of Commerce or Ceylon Chamber of Commerce
4. Insurance Company
5. Sri Lanka Customs
6. Board of Investment (BOI) of Sri Lanka
7. Sri Lanka Ports Authority (SLPA)

Use Case: Import of Fabrics from India

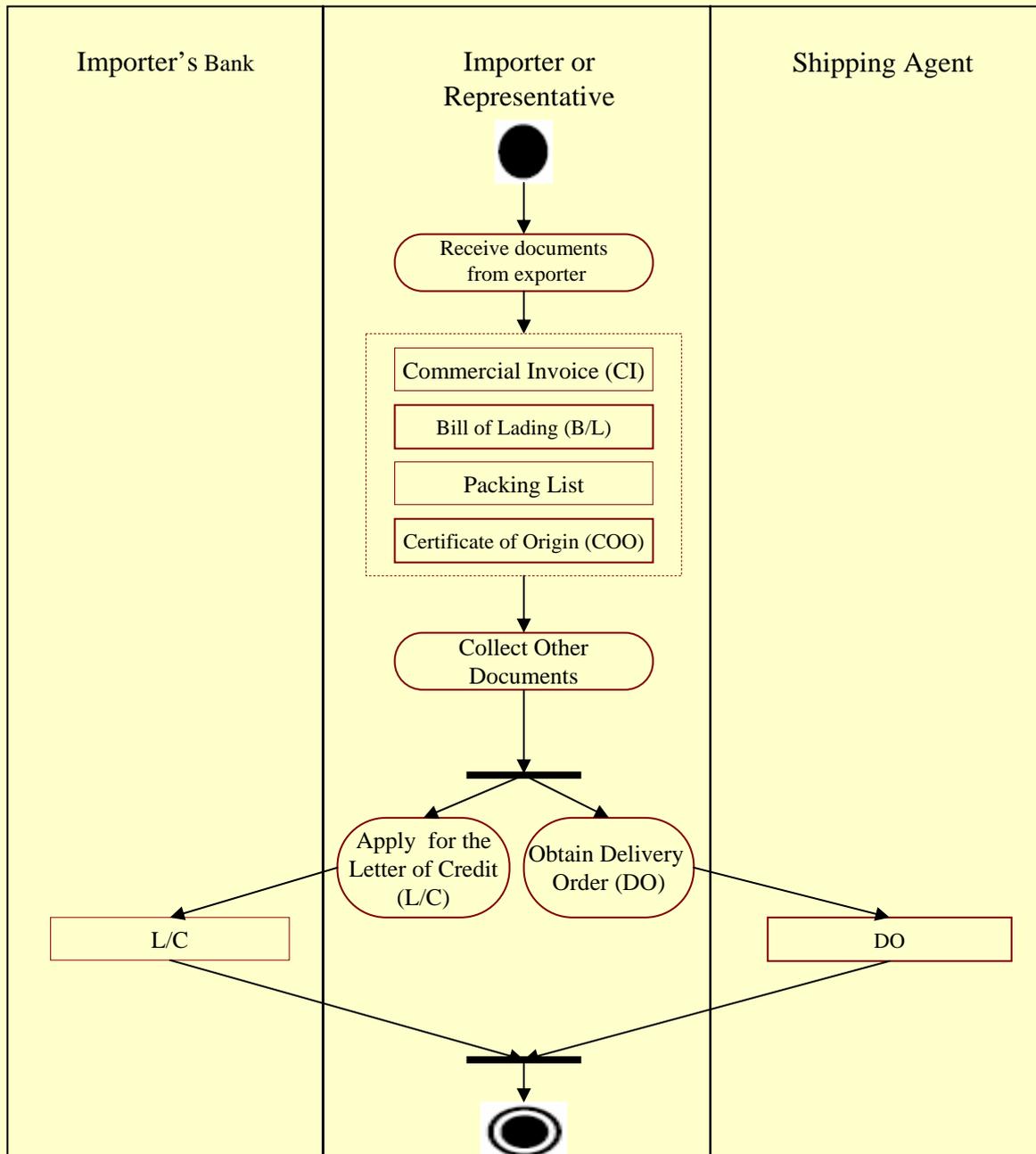


Activity Charts: Import of Fabric from India

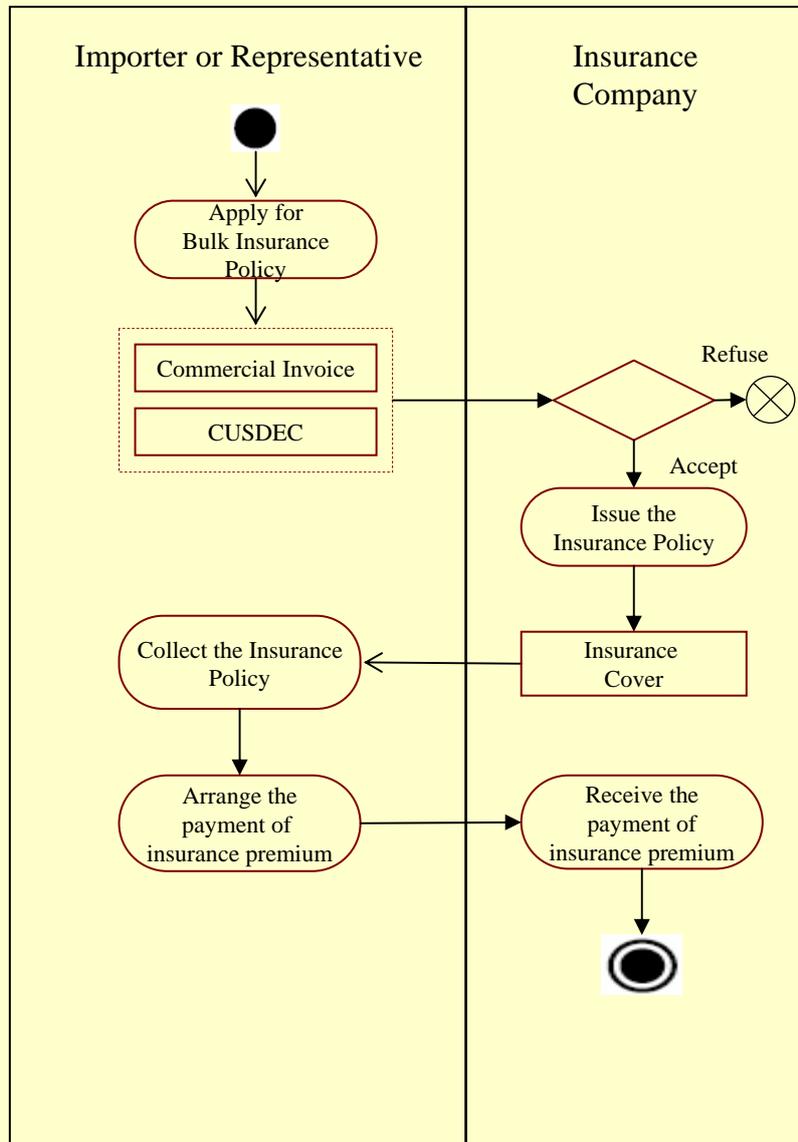
1. Buy



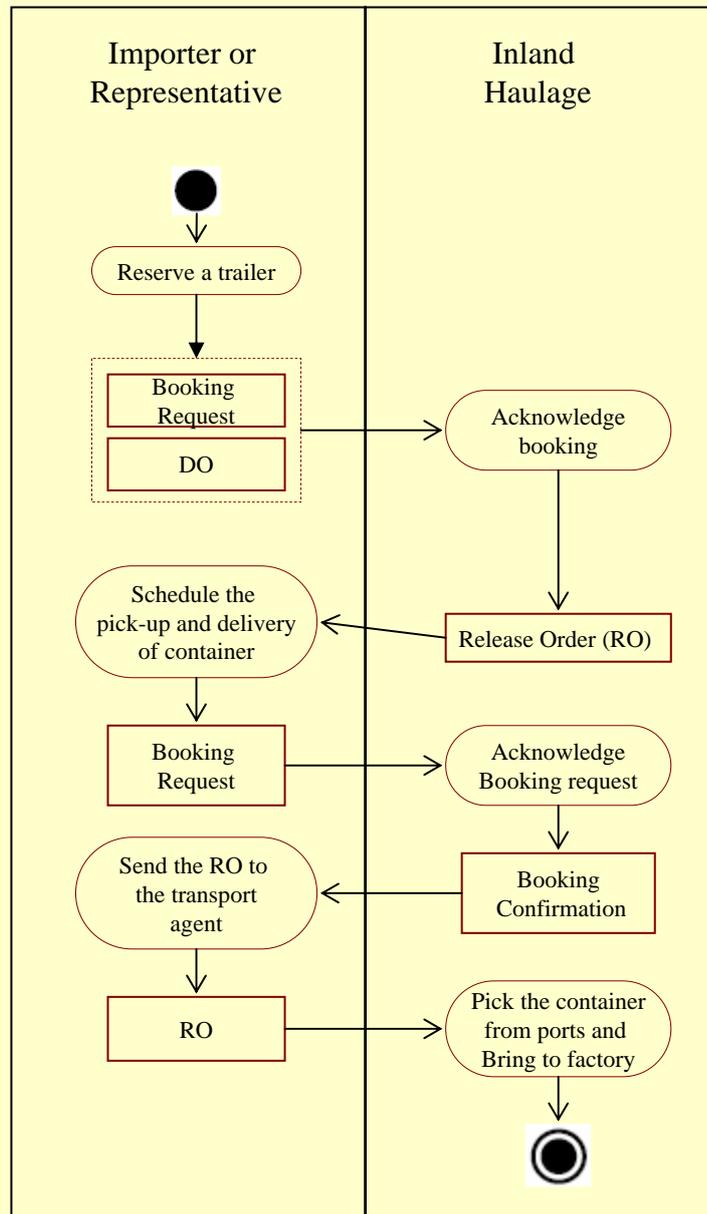
2.1 Collect Documents for Imports



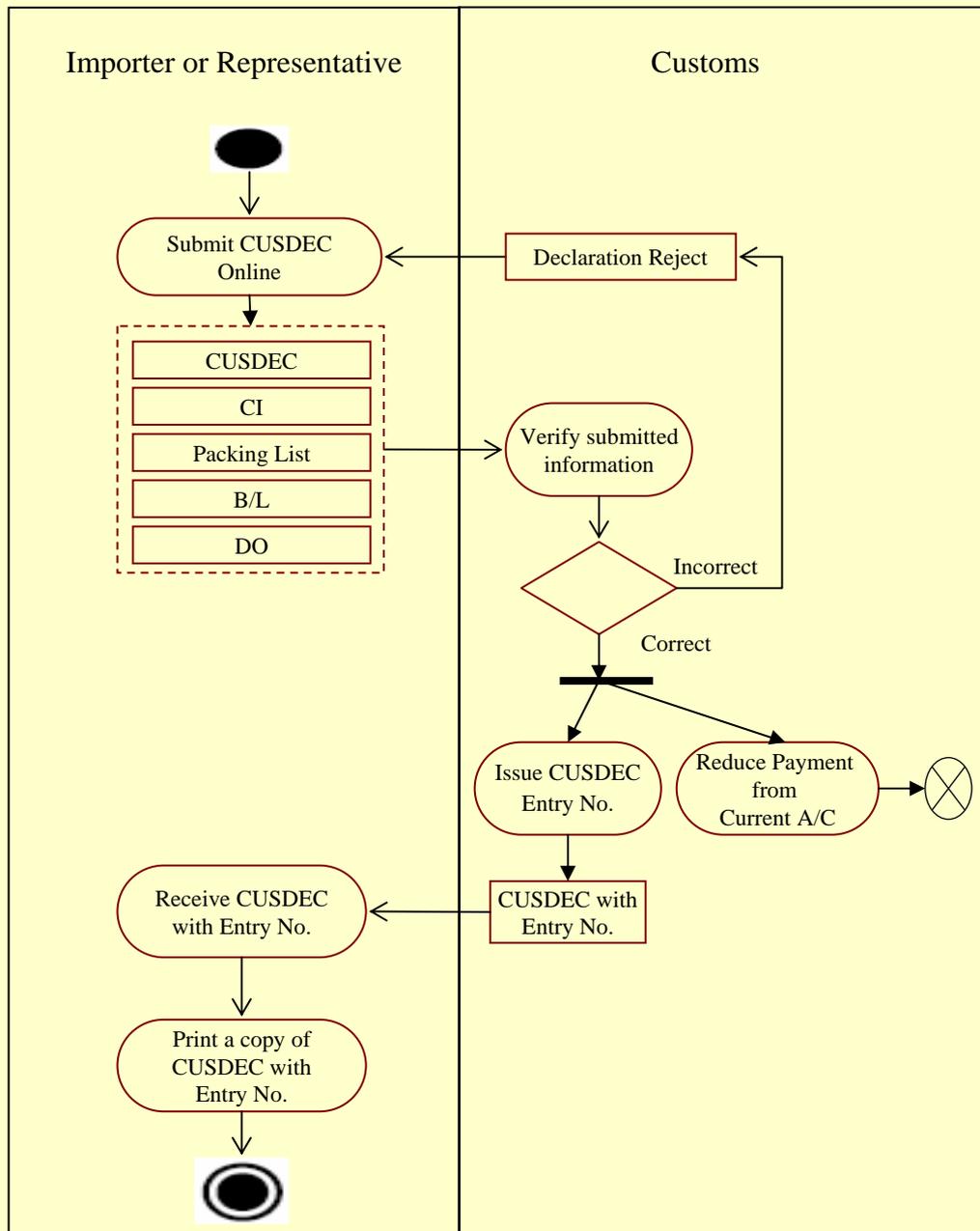
2.2 Obtain Cargo Insurance



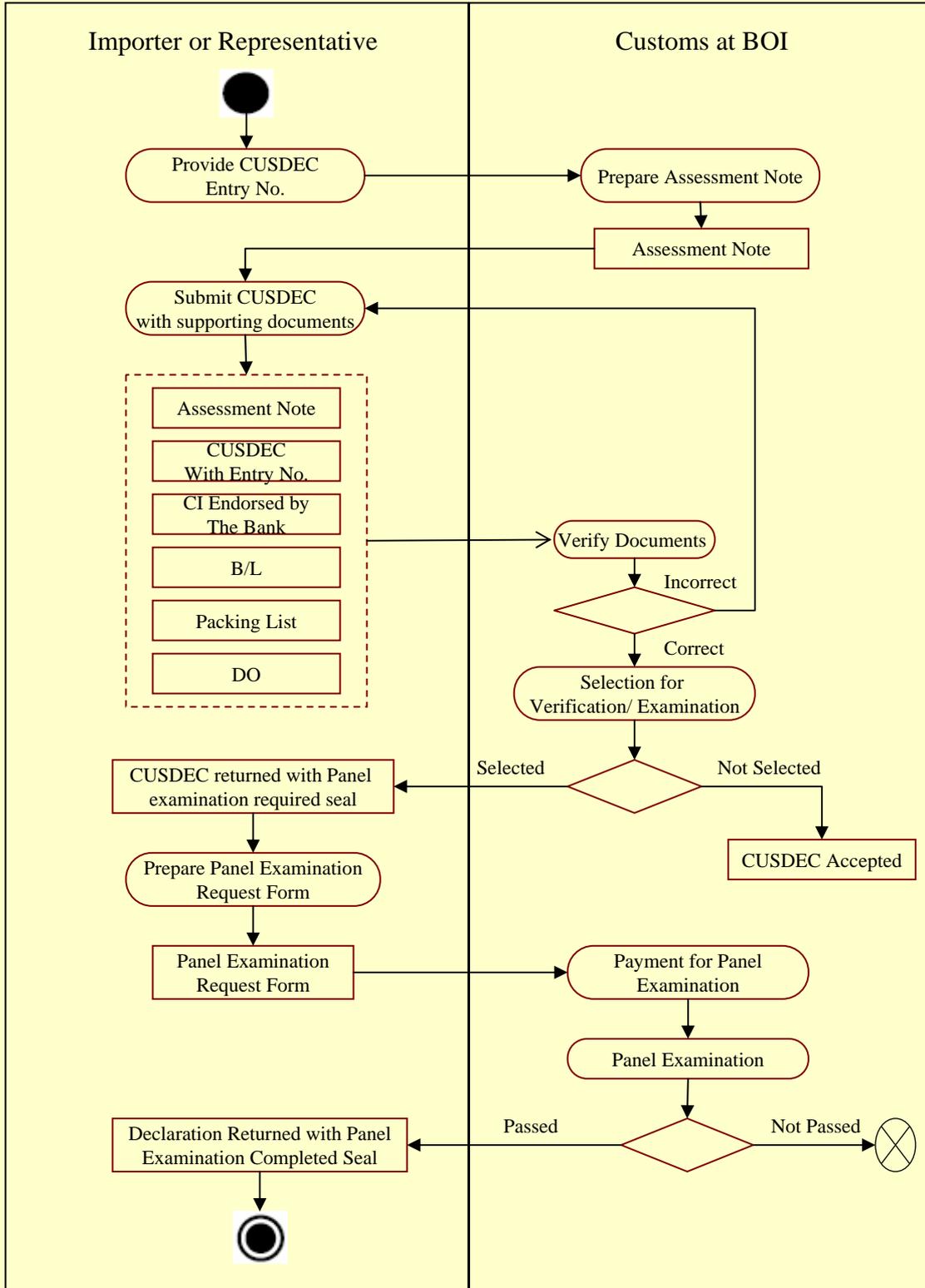
2.3 Arrange Transport



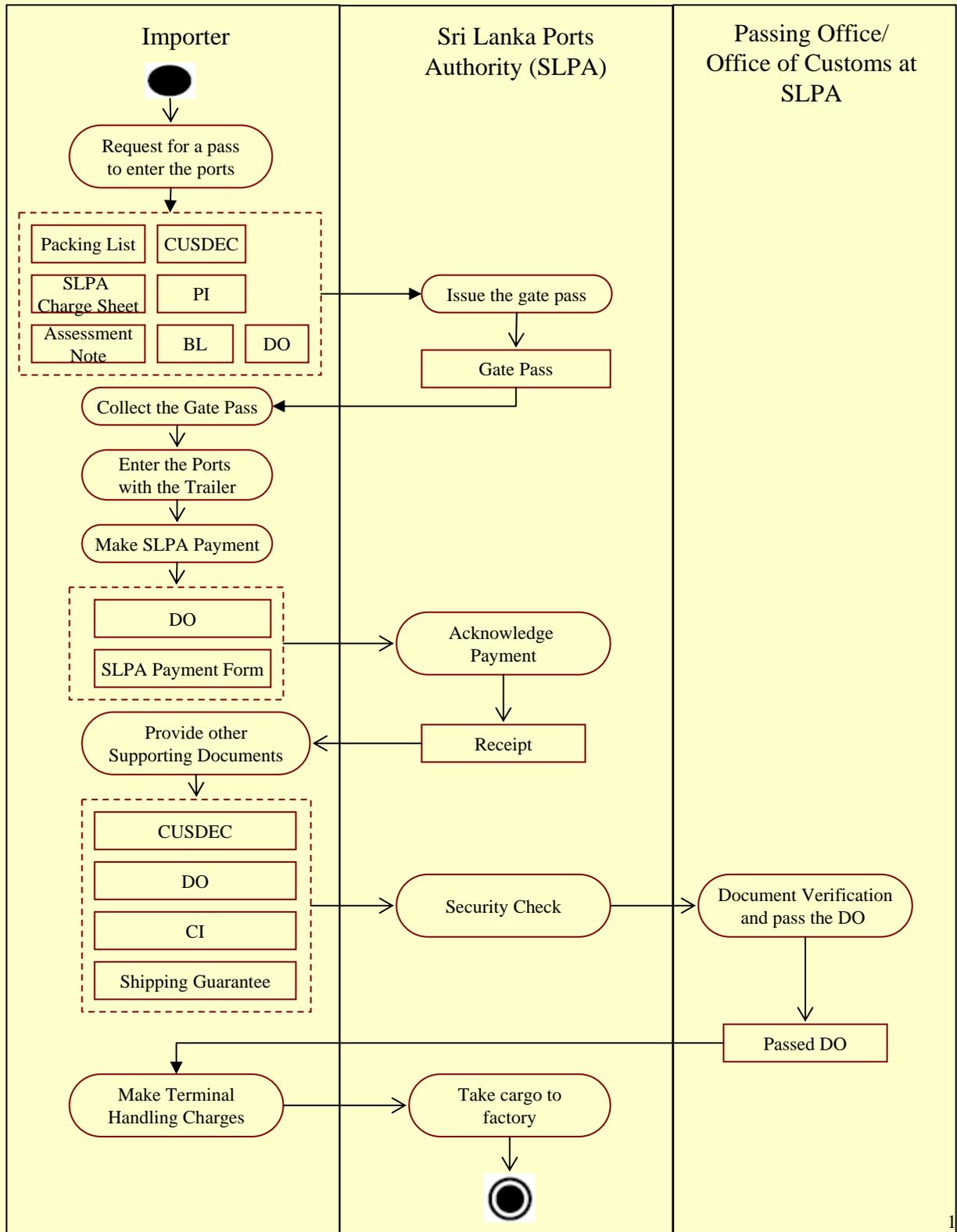
2.4 Provide Customs Declaration Online



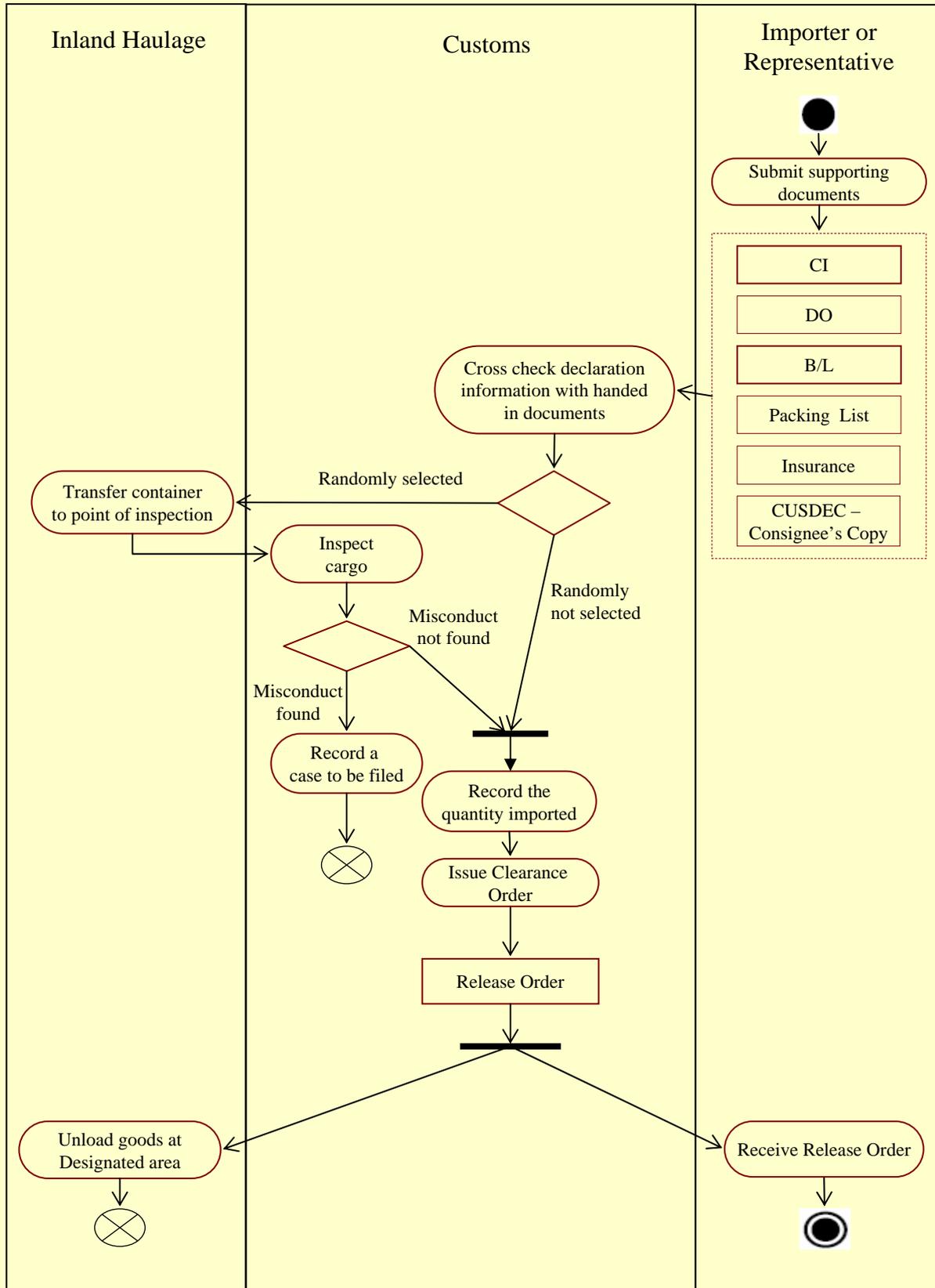
2.5 Customs Clearance at BOI



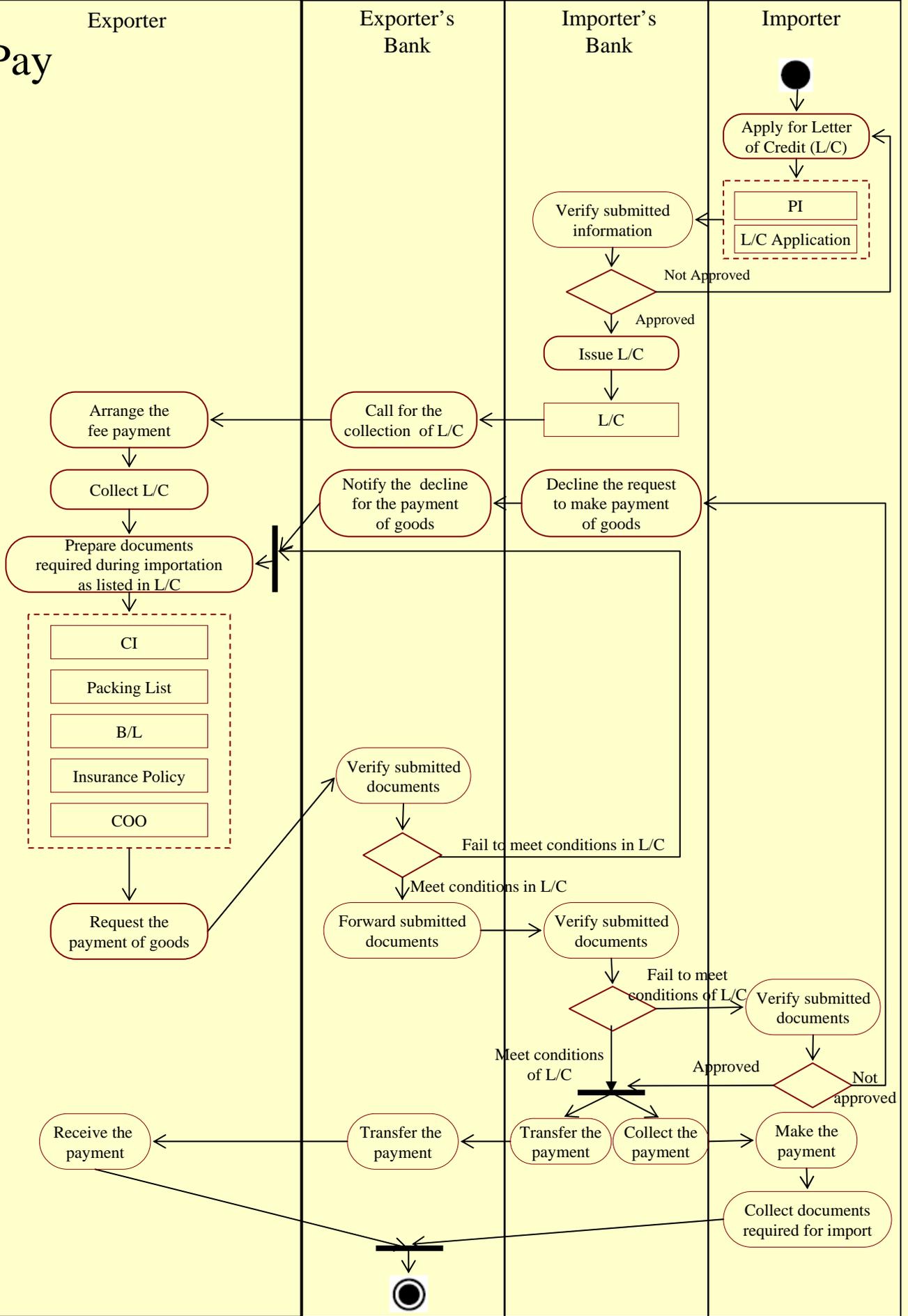
2.6 Clearance at SLPA



2.7 Clearance at the BOI



3. Pay



Business Processes of Tyre
Export from Sri Lanka to
India

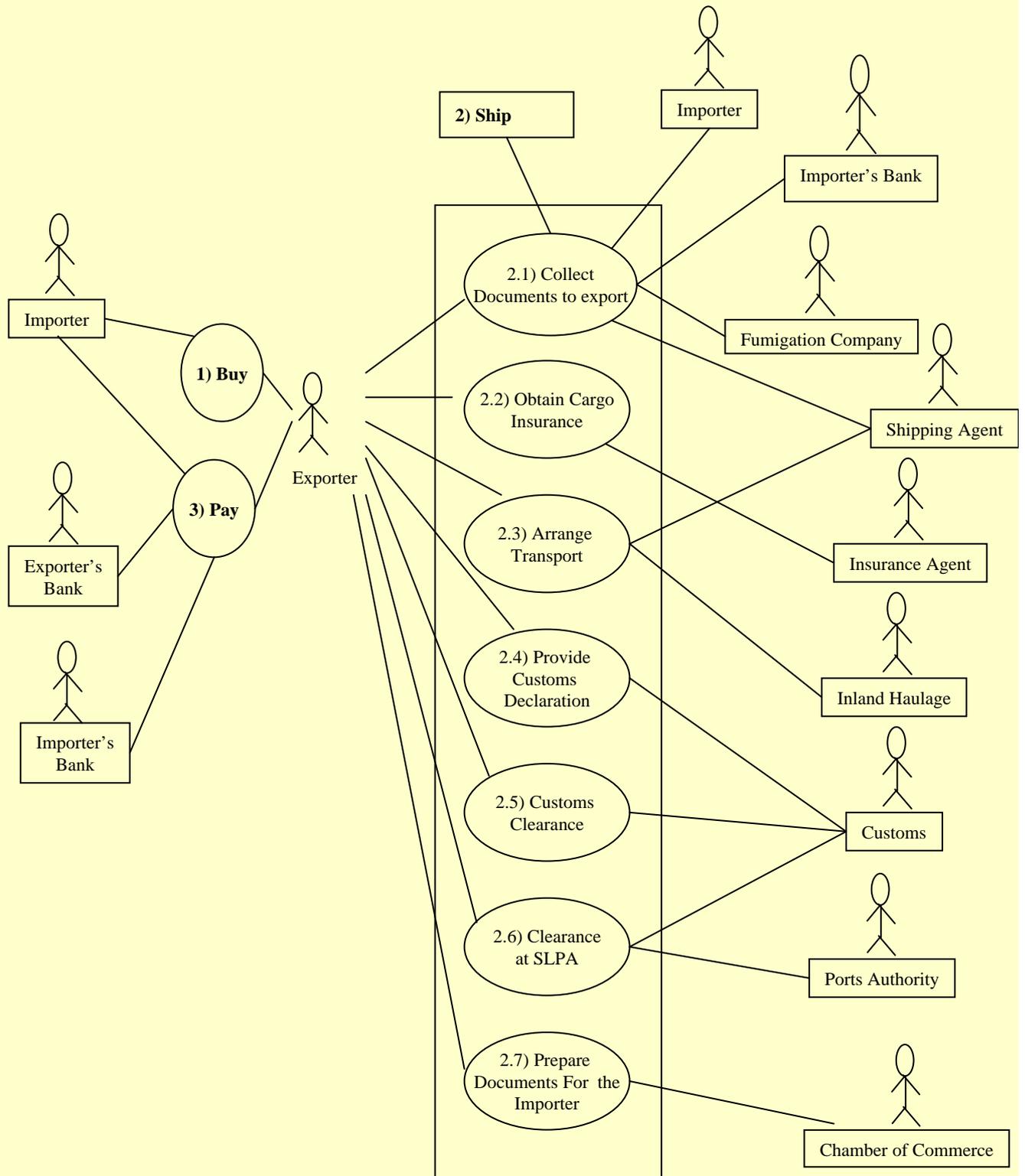
Documents

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

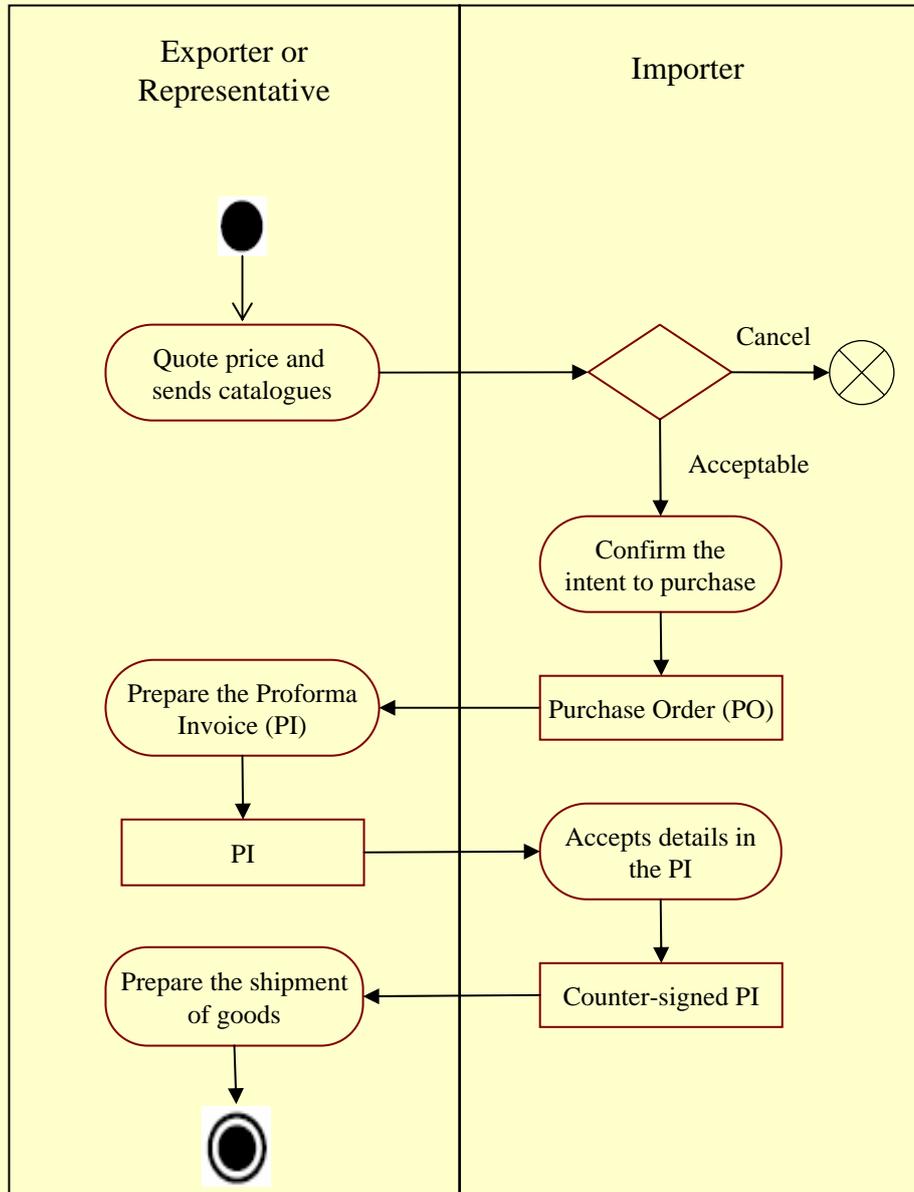
Agencies that need to be visited

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

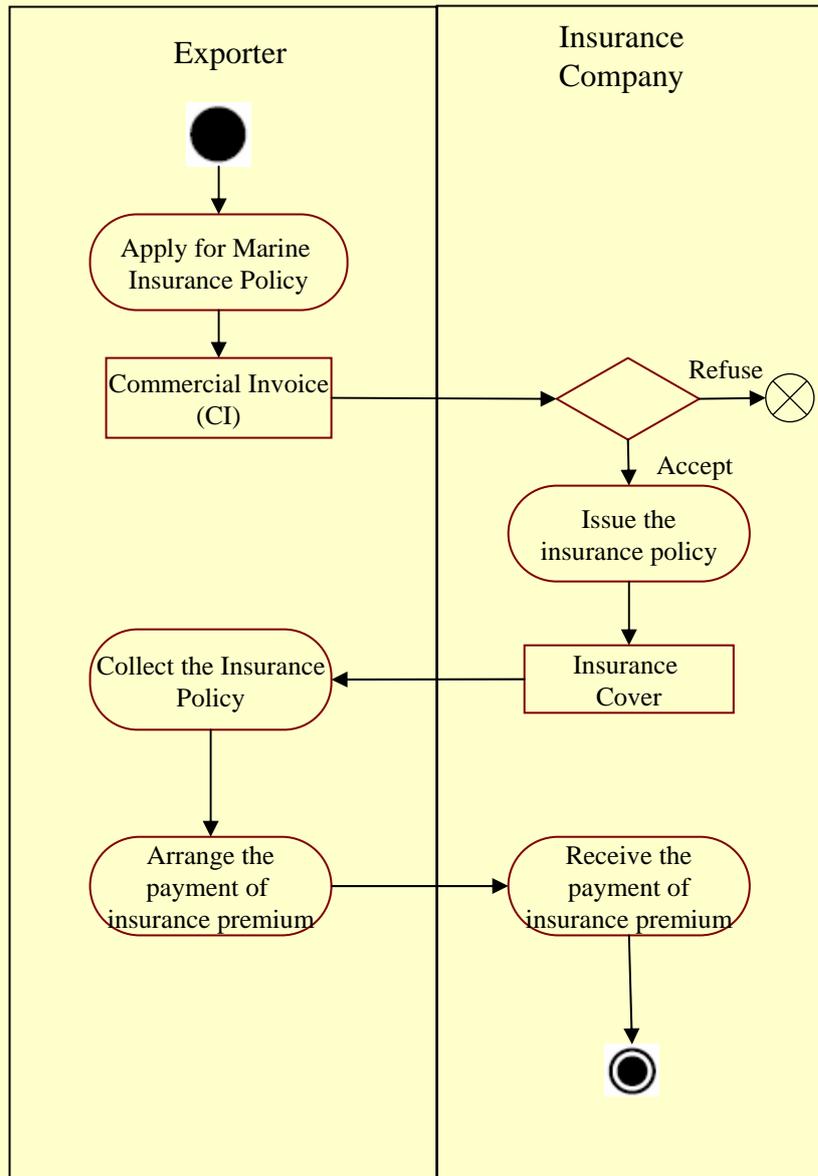
Use Case: Exports of Tyres to India



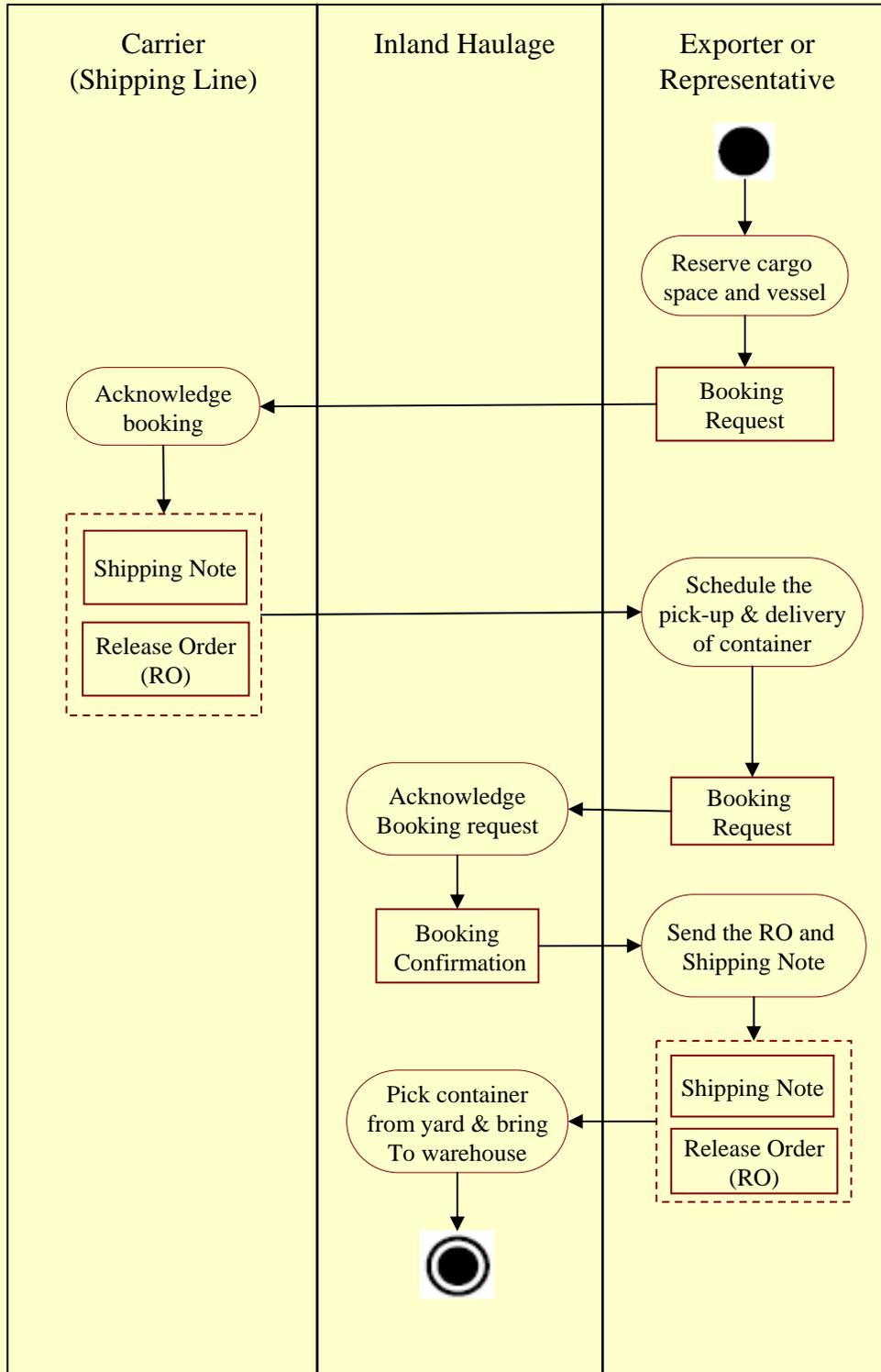
1. Buy



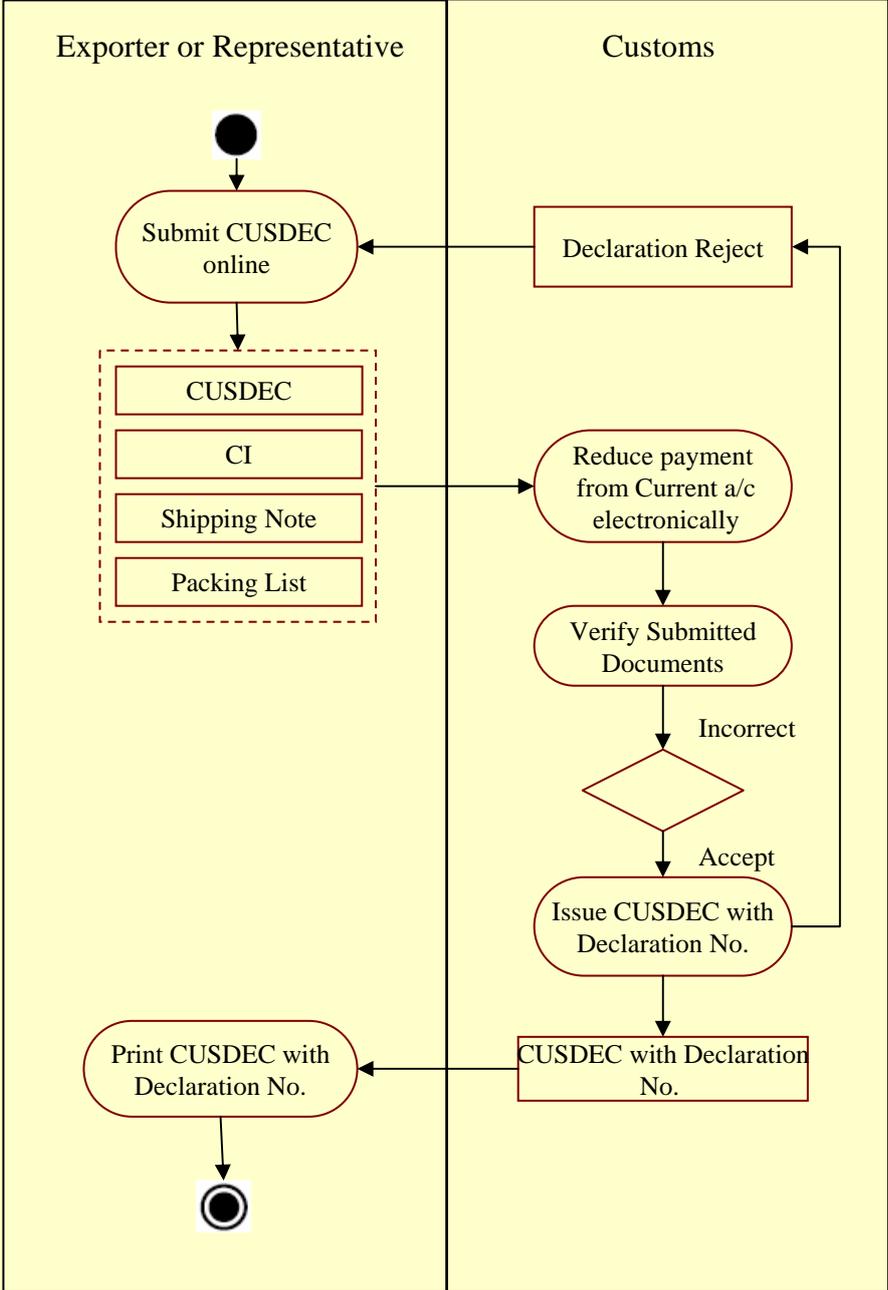
2.1 Obtain Cargo Insurance



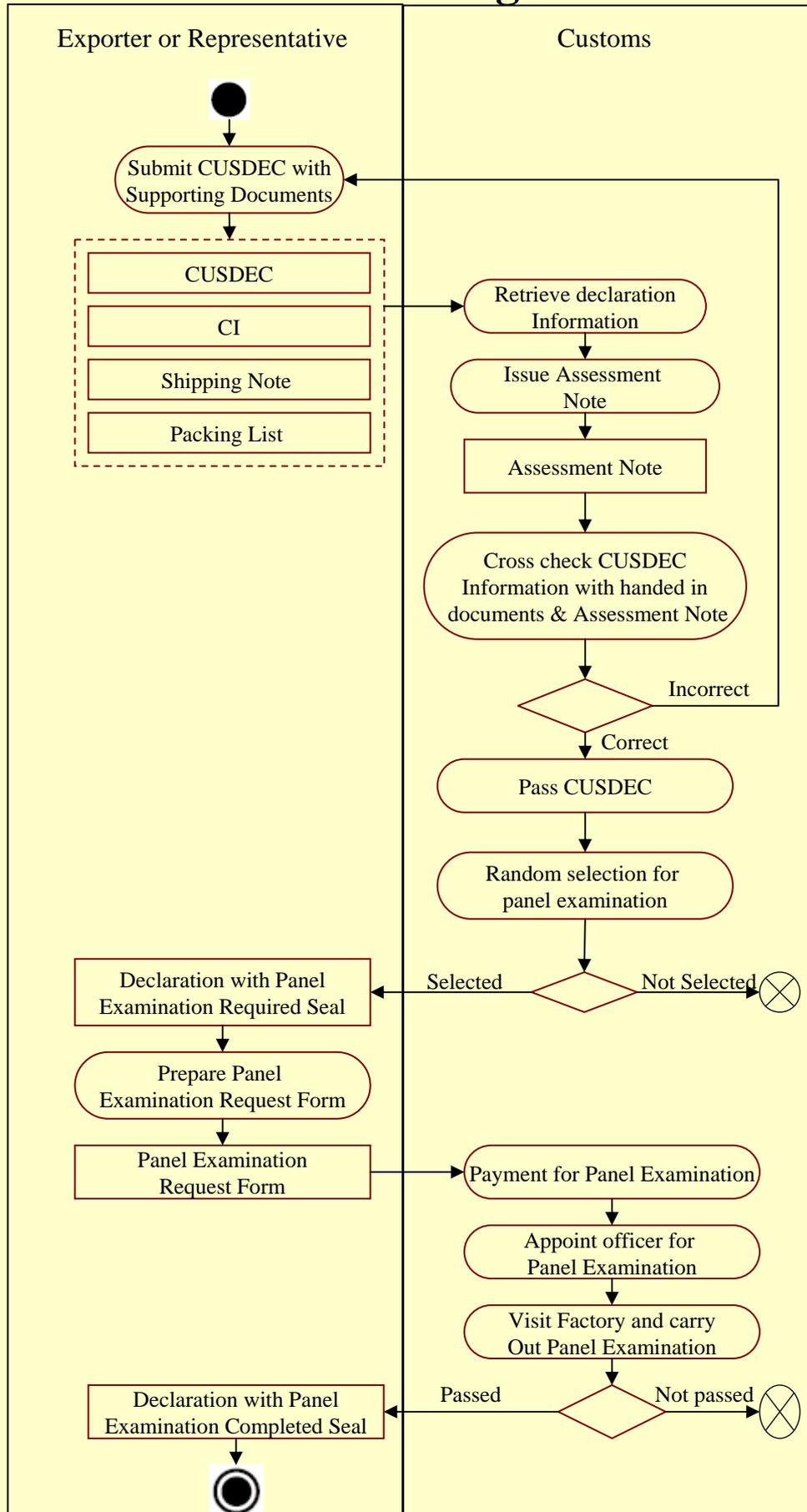
2.2 Arrange Transport



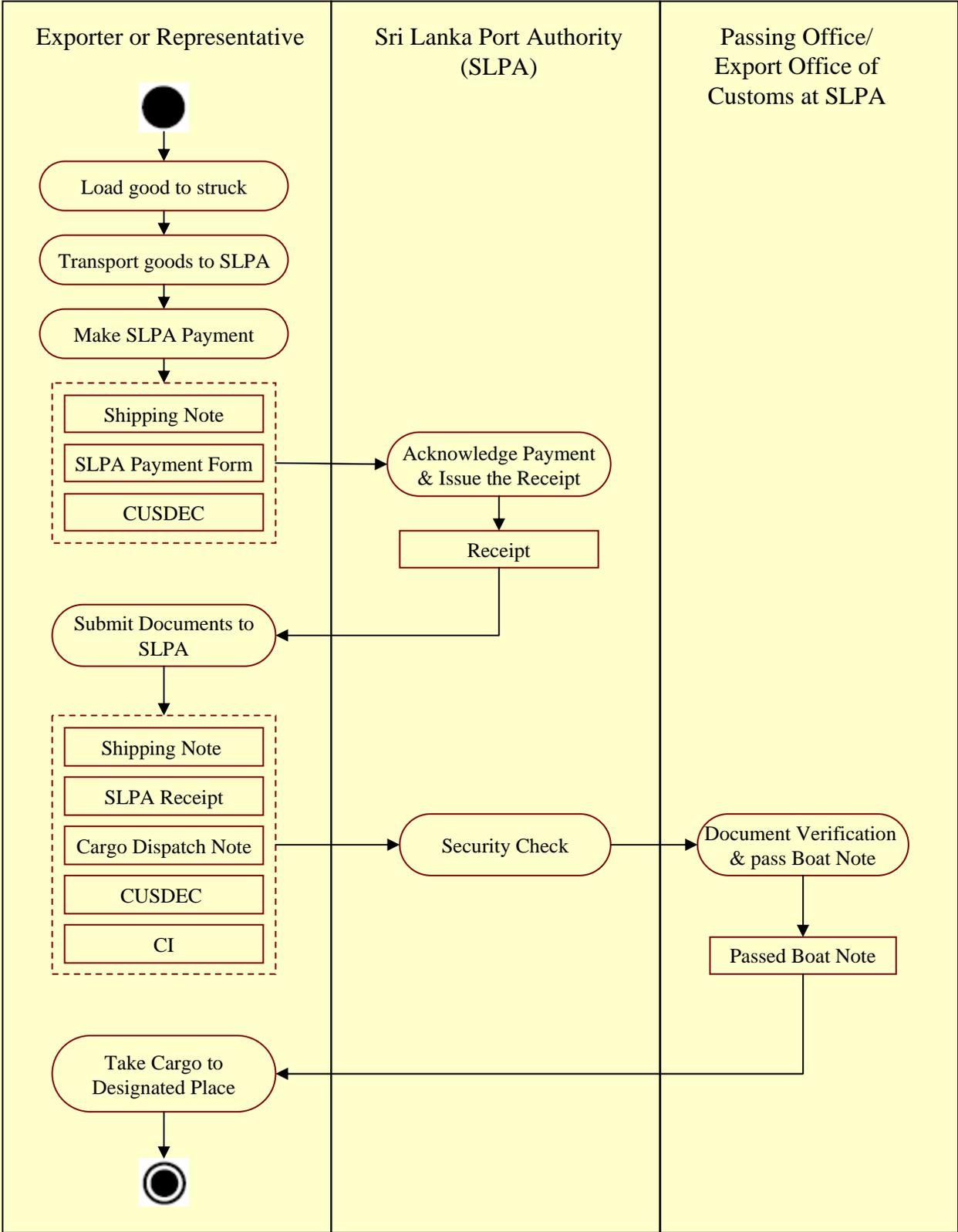
2.3 Lodge Customs Declaration Online



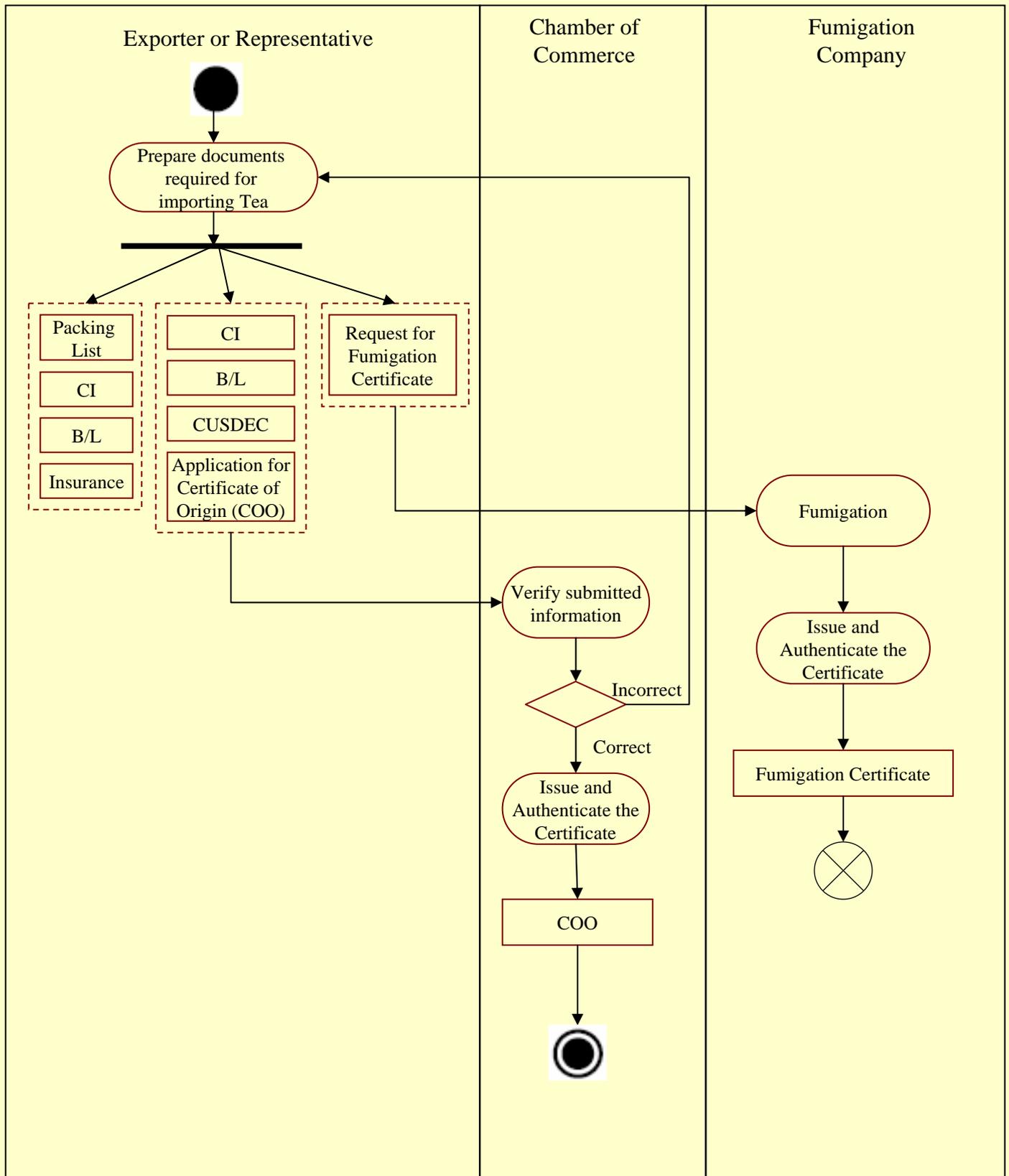
2.4 Clear Goods Through Customs



2.5 Transport to Port of Departure and Clearance



2.6 Prepare Documents Required by Importer



3. Pay – Letter of Credit

