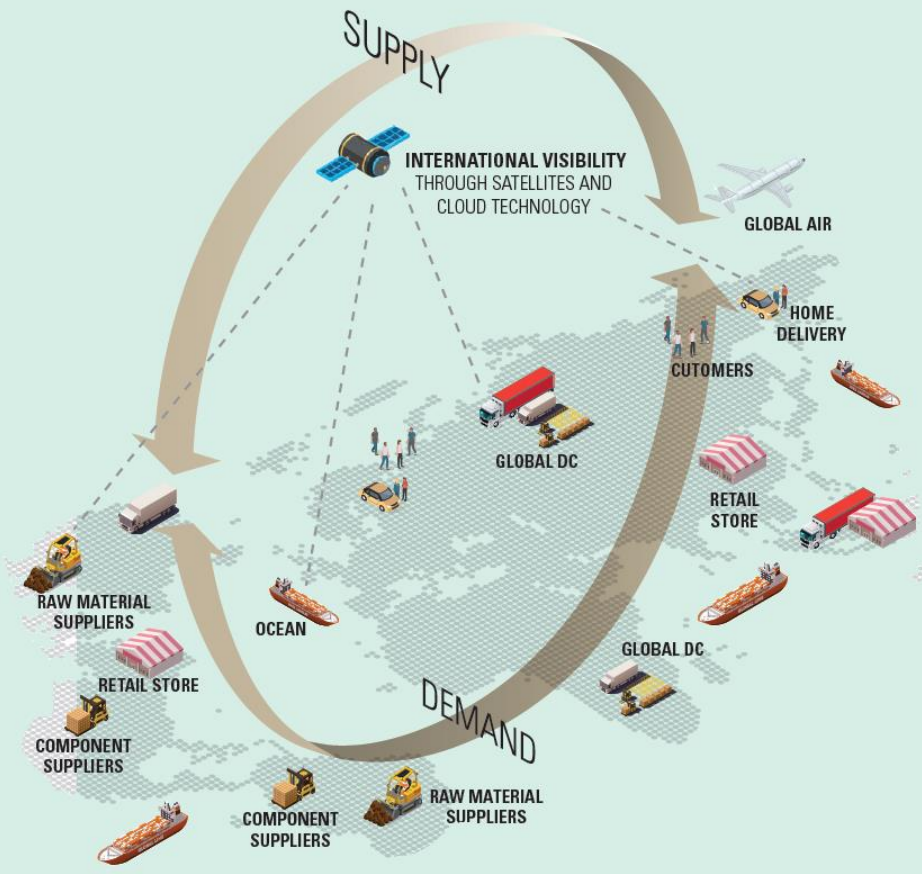
ISSN 2579-1680

ISSN 2579-1680

EXPO NEWS

VOL.19-ISSUE: 10/2019 October 2019 Monthly Information Bulletin for Sri Lankan Exporters



Inside.....

Published by: Trade Facilitation & Trade Information Division | Sri Lanka Export Development Board | 42, Nawam Mawatha, Colombo 02, Sri Lanka
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Ministry of Development Strategies and International Trade

Evolution of the Logistics Sector

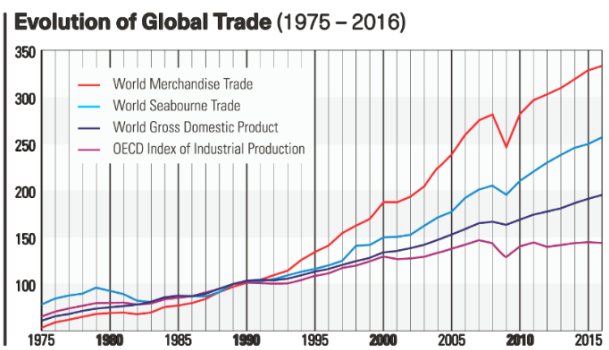
Logistics has become a key sector in the world today and Sri Lanka due to its strategic geographic position has the potential to become a logistics hub. Rohan Masakorale, Chairman of the Advisory committee for logistics discusses the evolution of the sector post World War ii.

Past

Before the end of the second world war, logistics was a word associated with the military. This included procurement, maintenance, and transportation of military equipment, material, and personnel. After the end of the second world war as international trade grew and more countries joined the United nations, rules based cross border trading systems were introduced, after which international trade grew further. International transportation was the link for global trade and was the keyword until the late eighties. Ocean and land transportation and in some countries, the railway were the key movers of merchandise over and within borders to facilitate trade, production and distribution. Logistics was not a trade term at this juncture in history.

Containerization of shipping took place in the 1950s, with the invention of modern shipping containers. The development of container ships transformed many bulk formats of cargo into packed products making a revolution in the international shipping and ports business. Since then, the revolution of the world of transportation industry has continued over the last seven decades and the way global trade is done has changed with the joining of the air transportation sector for high value cargo with the third industrial revolution. By the 1980s the concept of shipping and transformed into multimodal transportation and freight forwarding, giving birth to a new generation of service providers that evolved in between cargo owners (shippers) and transport providers such as airlines and ship operators.

One of the main reasons for logistics to improve and develop was the rules-based trading environment created by the GATTS which is now known as the WTO. Many countries around the world joined the WTO with the third industrial revolution and are competing in a global platform to gain market access to export services and merchandise on fundamental economic theories based on traditional comparative and competitive advantages of each nation. As a result, increased movement of raw material, semi finished goods and finished goods were traded across borders in addition to commodities and energy in the



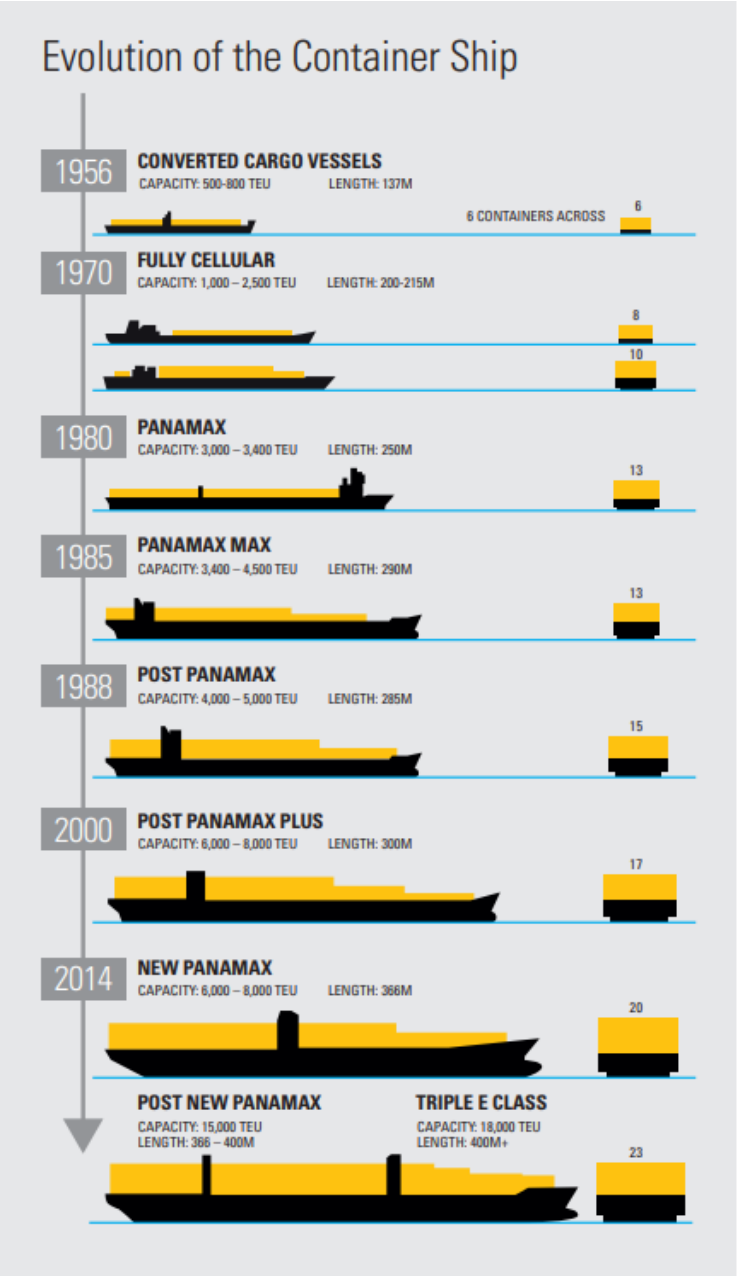
Source: Business Lanka Volume 32

global trading platform by the end of the 20th century. Trillions of dollars' worth of merchandise was moving across borders mainly using oceans as the number one mode of transport and by this time the business of freight forwarding too evolved to support global trade.

By the beginning of the new century, shipping, ports and freight forwarding were well established support services and were emerging as logistics services. Ocean shipping was considered the cheapest and most efficient mode of transport that made transportation cost very competitive and countries with cheap labour became the manufacturing centres for consumer products by the year 2000. Shipping companies invested more on new bigger ships to carry different commodities and the container shipping industry grew rapidly as the world trade grew at double the speed of economic growth of the world until 2008.

The freight forwarding industry, which started on a smaller scale as freight brokers, expanded into a big global business. As third party logistics providers, they were able to assist many SME producers to achieve scale and help move cargo into locations previously thought as impossible for SMEs to obtain competitive transport freight rates to sell products. More and more smaller shippers started to use international and national freight forwarders to obtain scale rather than directly dealing with shipping lines by the end of the 20th century. The global economy and the global shipping and freight forwarding industry had a healthy growth until the economic bubble in USA in 2008.

Half century ago, cargo vessels and tankers were converted to hold containers while today, ships are designed to maximise capacity.



However, by the late 1990s, the early stage of the fourth industrial revolution had started with the birth of the next level of technology-based industrial developments giving a new meaning for production technologies and the creation of the global platform of information through the internet . Then came the birth of the fourth industrial revolution where developed economies had

Source: Business Lanka Volume 32

the capability to change product cycles into much shorter cycles and improve product efficiency in many folds using computer software. That's the revolution leading us today into modern logistics.

Present

The technological disruption of the global trade and traditional international trade corridors were converted into modern new supply chains, where production became even more complicated but cheaper as many countries got into the supply chains instead of producing the full product from end to end. Today we are witnessing this new global order and as a result, commercial logistics have become a keyword international trade for countries to become more competitive. indeed, it's not just transportation anymore, but the world of digital technology has become a part of business of logistics.

Google it. Go for a lecture or attend a seminar, mostly one will notice that the first picture that appears or explains logistics would be a ship, an airplane, truck or railway connecting two places via transport networks. Ask a managing director what logistics is, most will direct you to the shipping department, transport manager, freight forwarder or warehouse supervisor.

In many parts of the world, specially the developing world, where exports and international trade are an essential component of development, the word logistics is totally misunderstood and confined to a mere small component such as shipping or transport of a logistics activity. This results in lower focus by the government, top managements of companies leading to productivity deficiencies across supply chains. Even today most freight forwarding companies adopt the term logistics to uplift status or to glorify perception without understanding the proper meaning and deliverable of logistics management.

Ships, airplanes, trucks and rail, are modes of transportation, within national and international borders. Then comes trade facilitation institutions that provides regulatory services such as customs, ports and airports for transport connectivity. Combining these two is the transport eco-system. They play a important role in achieving modern efficiencies for logistics services providing national and global connectivity but that is not logistics management either.

In a border description, logistics are a combination of multiple networks, services, technologies, that connect the dots between supply chains and value chains that arise from raw materials to production to consumption. If one studies the World Bank Logistics performance Index (LPI), you will notice that Singapore, through number of maritime capital of the world holding the best airport position in the world, stands at seventh position in the LPI index. Where as Germany, Sweden, Austria and Japan all stand ahead of Singapore in the global LPI rankings. This indicates that there is a more complex, hidden reason and meaning behind logistics.

Source: Business Lanka Volume 32

In today's complex national and international trade and commerce networks, supply chains as well as value chains require advanced technology, skill and knowledgeable work force with proper know-how to offer solutions to global customers. Advanced nations invest in big expenditure on R & D. They analyze, break open product cycles, delivery cycles, customer behavior, using advanced data techniques moving towards artificial intelligence for better outcome. This results in advanced designs, solutions and customer friendly delivery modes. Today, top logistics companies of the world such as, FedEx, DHL, McLane and UPS are turning commerce into e-commerce through software platforms. The logistics strategy of these advanced countries and service providers are way beyond physical transportation of goods. Careful strategising, planning and constantly innovating to reduce costs, increasing speed to a new value addition to connect global trade are the focus to be ahead of competition. As a result, Germany has become the number one country in Logistics Performance index. It is not a secret that it is one of the most advanced economies of the world, that uses technology and automation to be ahead of the curve in logistics management.

In the global scale where international trade is connected through multi modes of transportation, many get confused and link logistics as a transportation subsidiary. On the contrary, logistics is much broader than transportation. While transportation focuses on the 'movement' of goods from one place to the other, logistics refers to the whole 'flow' management which includes not only transportation, but also includes manufacturing, storage, handling, inventory, packaging, transformation using technology and human resources in some sense, and many other things to fast track commerce with less waste and higher productivity.

The future

If countries want to connect in to the global supply chain, the policy makers and regulators along with the national workforce should understand the concepts of logistics beyond transportation. Whether one is running one is running a factory, office, suppling

Source: Business Lanka Volume 32

Raw material or providing a service logistics management, it has to be done skillfully. Every element of the value or the supply chain needs to be managed with proper planning, documentation and process to ensure a smooth logistics chain to minimise waste and cost and to bring down unit costs of production both goods and services. Most logisticians are good mathematicians, statisticians who are well trained for data analytics to support both the top management and the lower management of organisations. As such, logistics is a subject that needs professional who could see the bird's eye view to solve complex problems I the global supply chains.

Part of the secret of Alibaba's or Amazon's single-day sale exceeding annual sales of many companies is none other than technology-based logistics management, which carefully plans outsourcing to delivery on a customer friendly e-commerce logistics platform. Successful companies around the world will use massive logistical improvements to reduce day today operational costs but increase sales through increasing scale and volume.

Therefore, it is important that corporate leaders understand that logistics is a specialised field of its own way beyond shipping, warehousing, courier services, road/rail transportation and air freight any more. It's about managing all operations within and externally of the product or services from sourcing to destination. If logistics is properly understood, companies will adopt more technology and allocate more resources on human capital development to handle such technologies. Most companies invest on technology, automation or equipment by just following others, but doesn't train staff with the proper know-how to obtain maximum logistical benefits through such investments.

After all, what is the use of the most advance phone if one does not know its features and how to operate the same to better manage day today operations or if one doesn't know the functions of an excel sheet but is given an advanced ERP system to innovate, the result may be wasted capital.

In my opinion, the future of digital logistics is at the cusp of the fifth industrial revolution. Companies and countries who are left behind will find it extremely difficult to connect to global supply chains and value chains if the modern logistics industry is not understood but is kept as a fancy transportation tool.

Rohan Masakorala is an economist by profession and the CEO of the Shippers' Academy Colombo. He is the Chairman of the Advisory Committee on Logistics of the Export Development Board.

Source: Business Lanka Volume 32

International Trade Exhibitions & Events in Sri Lanka

Name	Date	Venue	Sector	Web Link
Colombo Motor Show	8-10 Nov 2019	BMICH	Auto & Automotive	https://10times.com/colombo-lk/tradeshows
Sustainable Energy Expo	8-10 Nov 2019	BMICH	Power & Energy	https://10times.com/sustainable-energy-expo-a
World Construction Symposium (WCS)	8-10 Nov 2019	Hotel Galadari, Colombo	Building & Construction	https://10times.com/wcs-colombo
Infotel	1-3 Nov 2019	BMICH	ICT	https://infotel.lk/
Screen Print Sri Lanka	20-22 Nov 2019	Sri Lanka Exhibition & convention Centre, Paijanindia, Colombo	Industrial Engineering	https://10times.com/screen-textile-printing-srilanka
Intex South Asia	13-15 Nov 2019	BMICH	Aparel & Clothing	https://10times.com/intex-south-asia
Hotel Show Colombo 2019	15-17 Nov 2019	BMICH	Hospitality	http://hotelshowcolombo.com/
International Conference on the Biodiversity and Environmental Management	25-26th Nov 2019	Colombo	Environment & Waste	https://10times.com/bemconferences
Sri Lanka Auto Parts show	28 Nov -1 Dec 2019	Sri Lanka Exhibition & convention Centre, Paijanindia, Colombo	Auto & Automotive	https://10times.com/sri-lanka-auto-parts-show
IWA Water Development Conress & Exhibition	1 -5 Dec 2019	BMICH	Environment & Waste	https://10times.com/iwa-wdce
International Conference on Poverty and Sustainable Management	5-6 Dec 2019	Taj Samudra Hotel, Coombo	Environment & Waste	https://10times.com/poverty-and-sustainable-development
International Conference on Nano Science and Nano Technology	12-13 Dec 2019	Taj Samudra Hotel, Coombo	Science and Research	https://10times.com/icnsnt
International Conference on Food Resources Security	13-Dec-19	Galle Face Hotel, Colombo	Food & Beverages	https://10times.com/food-resources-and-security
International Conference Health and Medicine (ICHM)	17-18 Dec 2019	Galle Face Hotel, Colombo	Education & Training	https://10times.com/icrss-china
Colombo Shopping Festival	19-24 Dec 2019	BMICH	Apparel & Clothing, Fashion & Beauty	https://10times.com/colombo-shopping-festival

Source: Web

International Trade Exhibitions, Conferences, Fairs & B 2 B Meetings(Overseas)

Name	Date	Venue	Sector	Web Link
International Apparel & Textile Fair	4-6 Nov 2019	Dubai world trade centre	Apparel and Textile	http://internationalapparelandtextilefair.com/
china international import expo (CIIE)	5-10 Nov 2019	National Exhibition and convention centre , Shanghai	Lighting	https://gzlightingfair.denggle.com/home/?gclid=Cj0KCQjw-b7qBRDPARIsADVbUbWV9rXtuFaWTZ_3GxJYRDB9xEy21CpTKo6tabAyR0DCZd74YraXl0IaAnzkEALw_wcB
International Gem and jewellery Show-Denver	8-10 Nov 2019	Denver Mart, Denver, USA	Fashion and Beauty	https://www.eventbrite.com/e/the-international-gem-jewelry-show-denver-co-tickets-55451966324
Shrimp 2019	12-14 Nov 2019	JW MARRIOTT, Bangkok, Thailand	Food and Beverage	http://shrimp.infofish.org/
Malaysian wood Expo 2019	19-21 Nov 2019	kuala lumpur, malaysia	Wood and wood working machinery	https://www.malaysianwoodexpo.com.my/#
World Tea & coffee expo	21-23 Nov 2019	Mumbai, India	Tea and Coffee	https://www.worldteacoffeeexpo.com/
Bank Tech Asia	26-27 Nov 2019	AYANA Midplaza JAKARTA, Jakarta, Indonesia	Banking	https://10times.com/banktech-asia-sri-lanka
Food ingredients	3-5 Dec 2019	paris, France	Food and Beverage	https://www.figlobal.com/fieurope/
AUTO EXPO 2020	6-9 Feb 2020	pragathi Maidan, New Delhi, India	Motor Vehicles	www.autoexpo.in
Tire technology Expo 2020	25-27 Feb 2020	Halls 19/20/21, Hannover, Germany	Tire	https://www.tiretechnology-expo.com/en/
Asia Rubber expo india 2020	8-10 jan 2020	Chennai, India	Rubber	http://asiarubberexpo.com/
Automotive testing expo	22-24 Jan 2020	CTC complex, Chennai, India	Vehicle and component testing and validation technology and services	https://www.testing-expo.com/india/en/
GRTE 2020	11-13 Mar2020	Bangkok, Thailand	Global Rubber, Latex & Tyre	http://www.grte-expo.com/profile.html
7th OMAN PLAST	23-25 Mar 2020	oman convention & exhibition centre, Muscat, Sultanate of Oman	Plastics, Rubber, Petrochemicals, Chemicals, Fertilizers, Plastics Recycling, Printing and Packaging Industry	https://10times.com/oman-plast
Livestock Malaysia 2020	7-9 Apr 2020	Melaka nternational trade centre, Malacca	Feed, livestock and meat	https://www.livestockmalaysia.com/
Seafood Expo 2020	21-23 Apr 2020	Brussels Expo,Brussels, Belgium	Seafood	https://www.seafoodexpo.com/global/
TUNA 2020 Bangkok	27-29 May 2020	Shangri-la Hotel, Bangkok, Thailand	Seafood	http://tuna.infofish.org/
Africas Big 7	21-23 june 2020	Gallagher Convention Centre, Johannesburg	Food and Beverage	https://10times.com/africas-big-seven

Source: Web

EDB conducts 'Design and Product Development Program' for value-added batik products

The Central Provincial Office of the Sri Lanka Export Development Board (SLEDB) organised and conducted a 'Design and Product Development Programme' under the guidance of the Regional Development Division of SLEDB for value added batik.

The program was held under the 'One Village One Product' concept in collaboration with the National Design Centre (NDC) Nattarampotha and Kegalle District Secretariat on 15 and 17 July at the District Secretariat Office Kegalle successfully.

The participants were 22 selected batik manufacturers across Kegalle, Rambukkana, Galigamuwa, Warakapola, Ruwanwella and Dehiowita DS Divisions in Kegalle District identified by the respective development officers attached to the EDB.

The participants were given practical training on how to manufacture women's sandals, various types of packaging and jewellery using batik materials.

The objectives of the program were to promote Sri Lankan batik products with innovative products and designs to the international market by registering them under '2000 New Exporters Establishment Program' and 'Women Entrepreneur Development Program' and create opportunities for them to participate in local and international trade events.

SLEDB is also planning to organise a buyer-seller meeting in September for the same group at its Head Office.

Source: Daily FT/29th August

ORGANIC PRODUCTS

Organic food is grown without the use of synthetic chemicals, such as human-made pesticides and fertilizers, and does not contain genetically modified organisms (GMOs).

Organically grown food cannot be harvested with the use of chemically based fertilizers or synthetic pesticides. It does not necessarily mean that no pesticides are used, but any pesticides would have to be regulated and non-synthetic. It is also not allowed to be genetically modified and irradiated.

In order to be considered organic, animal products need to come from animals that are fed with an organic diet and are raised under certain conditions that promote animal health and welfare. Organically raised animals cannot be fed antibiotics or other growth hormones.

Organic dairy products are extremely popular in recent years, as they offer safety and health to consumers. Milk from all dairy animals, including cows, goats and sheep, can be certified organic. Such as certified organic cheese, sour cream, ice cream and more.

Although organic food production began as an alternative farming method outside the mainstream, it eventually became divided between two distinct paths:

(1) Small-scale farms that may not be formally certified organic and thus depend on informed consumers who seek out local, fresh and organically grown food

(2) Large-scale certified organic food (fresh and processed) that is typically transported over large distances and is distributed through typical grocery store chains.

Organic food productions are generally more labor - intensive with organic farmers using organic approved fertilizers, repellents and practical methods such as crop rotation, intercropping, cover crops etc., to control diseases, pests and weeds. These incur far more costs than chemical fertilizers and pesticides that are generally manufactured in automated, large manufacturing plants. There is also the case that post – harvest handling, marketing and distribution of relatively small quantities of organic produce result in higher costs due to mandatory segregation of organic and conventional products.

Part of the premium is due to the cost of meeting the regulations in the farming process itself. It is due to the perceived benefits of organics over conventional products. If the price is higher, we are more willing to believe it is better for us than non-organic products. Either way, organic products definitely cost more at the point - of - sale.

Organic food generally contains more nutrition. Nutrient content also varies from farmer to farmer and year to year. However, reviews of multiple studies show that organic varieties do provide significantly greater levels of vitamin C, iron, magnesium, and phosphorus than non-organic varieties of the same food. While being higher in these nutrients, they are also significantly lower in nitrates and pesticide residues. . Clear health benefits from consuming organic dairy products have been demonstrated with regard to allergic dermatitis.

Organic regulations are formulated based on guidelines or basic standards provided by the International Federation of Organic Agriculture Movements (IFOAM) and Codex Alimentarius. Presently, exporters of Sri Lanka should 8 international certificates.

The Sri Lanka Export Development Board is setting up an independent body to obtain the 3rd country registration in Europe. This controlling authority will govern the Organic Sector in the country and register Sri Lanka in the 3rd country list of the EU, reducing the cost of certification and facilitating Organic products to penetrate the EU member countries.

This will also eliminate tariff barriers on organic agricultural products, and enable the exporters to be competitive in catering to the international markets and fetch a premium price.

Some Certification agencies such as Control Union – formerly known as SKAL International (the Netherlands) and the IMO (Switzerland) have local inspectors in Sri Lanka. Exporters should be registered under the following international certification agencies (SKAL, Netherlands)

Institute for Market Ecology – IMO, Switzerland

NASAA, Australia

Naturland, Germany

EcoCert, Germany

Demeter and BioSuisse, Switzerland

Organic Farmers and Growers Ltd, United Kingdom

The major export markets for Sri Lankan organic products are: the USA, Germany, France, Japan the UK, the Netherlands, Sweden, Switzerland, Australia, Canada, Belgium and Austria.

Organic food can be expensive, but rather than taking an “all or nothing” approach, it may be best to prioritize and purchase an organic food which gives you the most bangs for your buck.
Ultimately, eating more fruits and vegetables is one of the most important things you can do for your health, so do not shy away from the produce aisle just because you are intimidated by prices or the organic vs. conventional debate. They are cheaper and carry a much lower carbon footprint than food grown halfway around the world.

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