

APPENDIX

APPENDIX 1A-Certificates-Licences/Permits

Certificate better known as licence/permit is authorization issued by a competent authority for the importation or exportation of goods subject to restriction

In 1977, new regulations had been issued under Imports and Exports Control Act No 01 of 1969 to liberate the foreign trade. Accordingly restrictions imposed on importation/exportation of many commodities had been removed.

Types of certificates

1. Periodic Licenses (annual/quarterly/monthly)



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Traders are required to have periodic licenses to import/export certain commodities for a limited period and limited volume.

For an example, those who export coconut products need to obtain a permit from Coconut Development Board. This is an annual permit and each year exporter needs to get it renewed. However this permit is not enough if the particular commodity requires an individual license.

2. Individual Licenses

License/permit is required to clear each consignment from the Customs. Broadly we can be divided them into three categories.

(a). Commodity/product license with no further action

License is required at the time of processing Cargo Declaration (CusDec). No feed back from Customs to issuing authority is required.

(b). Commodity/product license with further action

License is required at the time of processing Cargo Declaration (CusDec). It is necessary to take follow-up actions. Depending on the type of license and commodity follow-up action is varied.

- I. Samples from the consignment are required by the issuing authority.
- II. Issuing authority inspect the cargo
- III. License that requires debiting

I. Samples from the consignment are required by the issuing authority.

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The requirement is mainly to verify commodities are compliance to standard and prevent importation or exportation of inferior quality commodities. For example Sri Lanka Tea Board verifies the quality of tea before authorizing shipment and Sri Lanka Standard Institute (SLSI) verifies commodities are adhered to Sri Lanka Standard.

In such cases license/permit is issued mentioning that sample from the consignment is required. Customs staff draws the sample and forward to regulatory agency and awaits their feed back to release the consignment.

II. Issuing authority inspect the cargo

On the strength of the certificate issued by the regulatory authority Customs staff process the CusDec and carry out joint inspection with the staff of regulatory authority. Immediately after the inspection staff from regulatory

authority convey the Customs whether to release the consignment or not. Example is Food Inspector's approval is required to release the imported food items.

III. License that requires debiting

Once the Customs staff processed the CusDec they make an endorsement on the license mentioning the quantity imported with value. Then license will be referred to regulatory authority for debiting the license. Customs needs to wait till regulatory authority complete that process to release the consignment.

(c). Non mandatory type license

To get it expedite customs clearance, traders provide certificates from regulatory authorities although it is not mandatory. Forest permit for plants, Fisheries Department permit for Sea Weeds are two examples.



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3. Legal back ground

Requirement of a certificate to process CusDec has to be legally covered. Acts and regulations provide the legal support. Schedule B of the Customs Ordinance gives the “Tables of restrictions and prohibitions (Inwards and Outwards)”. Section 12 of the Customs Ordinance empowers Customs officials to insist for a certificate (license or permit). Further Schedule B provides inclusion of any articles the importation or exportation is prohibited or restricted by any enactment or any legal order now in force or to be enacted to the above mention tables.

Controlling laws for imported goods

1. Import and export control Act
2. SLSI

3. CDA.
4. Plant Protections Act
 - seed certification requirements
5. Food Act - Regulations are applied at the time of examination the goods.
6. Animal Disease Act
7. Wild Life Act
 - a) Section 37 of the wild life Act “no persons should be imported any animal, live or death or parts thereof without prior approval from the Director Wild Life”
 - b) CITES
8. Defense Ministry requirements,
9. Requirement under Telecommunication regulation commission,
10. Regulations on fire arms and explosives,
11. Animal feeds, pesticides, Environmental regulations are covered under the regulations made on imports and exports controlled act No.01 of 1969.

- Exports regulating systems**
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1. Forest Act – Accordingly any forest produce cannot be exported without permitting from the conservator general of forest.
 2. Archeological permits
 3. Plant quarantine (plant protection act):
 4. Animal quarantine (Animal diseased Act)
 5. Wild Life Act

No indigenous animal can exported without having permissions of the (authorized officer) director of wild life.
 6. Fisheries regulations
 7. Imports and Exports control Act
 8. Tea Board Act
 9. Coconut Board Act
 10. Geological and Mines Bureau Act

APPENDIX 1B -Import and Export Control License

Import and Export Control Department has been the most important regulatory authority since it accounts for circa 70% of the regulatory approvals. Until 1977, all the imports and exports were being subjected to the license requirement from this Department.

In terms of the open Economic Policy commenced in the year 1977, most of the restrictions for imports and exports were liberalized. Since then, license requirement for Import/Export of goods is removed except for those fall into certain categories such as Drugs, Chemicals, Telecommunication Equipment, Firearms etc. These restrictions are retained with a view to avoid undesirable effects the imports and exports would have on public health, Environment, Economy, and Security of the country.

The licenses from Import and Export Control Department are issued on the recommendations from more than 20 regulatory authorities as shown below. The recommending authority possesses the technical expertise on the particular product category the license is issued for.

Pharmaceuticals

- Cosmetics Devices and Drugs Authority
- Department of Animal Production and Health
- Sri Lanka Homeopathic Council
- Sri Lanka Department of Ayurveda, Nawinna

Motor Vehicles and parts thereof.

- Commissioner of Motor Traffic

Chemicals

- Pesticide Registration Office (insecticides and pesticides)
- Department of Animal Production and Health (for live animals & products)

- Department of Agriculture (for corn and other grain products)
- State Trading Corporation (for non-pesticide chemicals)
- Excise Department (for alcohols and spirits)
- Ceylon Petroleum Corporation (petroleum products)
- Ministry of Petroleum Industries (for petroleum products)
- Plant Protection Centre of Department of Agriculture (cashew in shell)

Telecommunication products

- Telecommunication Regulatory Authority (for telecom equipment & cellular phones and also for electrically operated or remote control dolls and other toys)
- Ministry of Environment and National Resources (for used refrigerators, freezers and Air Conditioners and ozone depleting gases)
- Department of Meteorology (weather balloons)

Other Imports

- Ministry of Defence (for explosives and ammunition, air guns, air rifles, air pistols)
- Central Bank of Sri Lanka (coins and medals)
- Ministry of Sports (sports goods, coins or disc operated games etc.)
- Marine Pollution Prevention Authority (sludge oil)
- Department of Forest Conservation (timber)

Other Exports

- Department of Forest Conservation (timber, ivory and ivory products)
- Ministry of Industries (ferrous and non-ferrous metal scraps)
- Commissioner of Motor Traffic (for vehicles registered before 1/1/1995)

The processes and procedures of the Department are complex and a part of the requirements should be met at the time of issuing and the other part at the time of debiting.

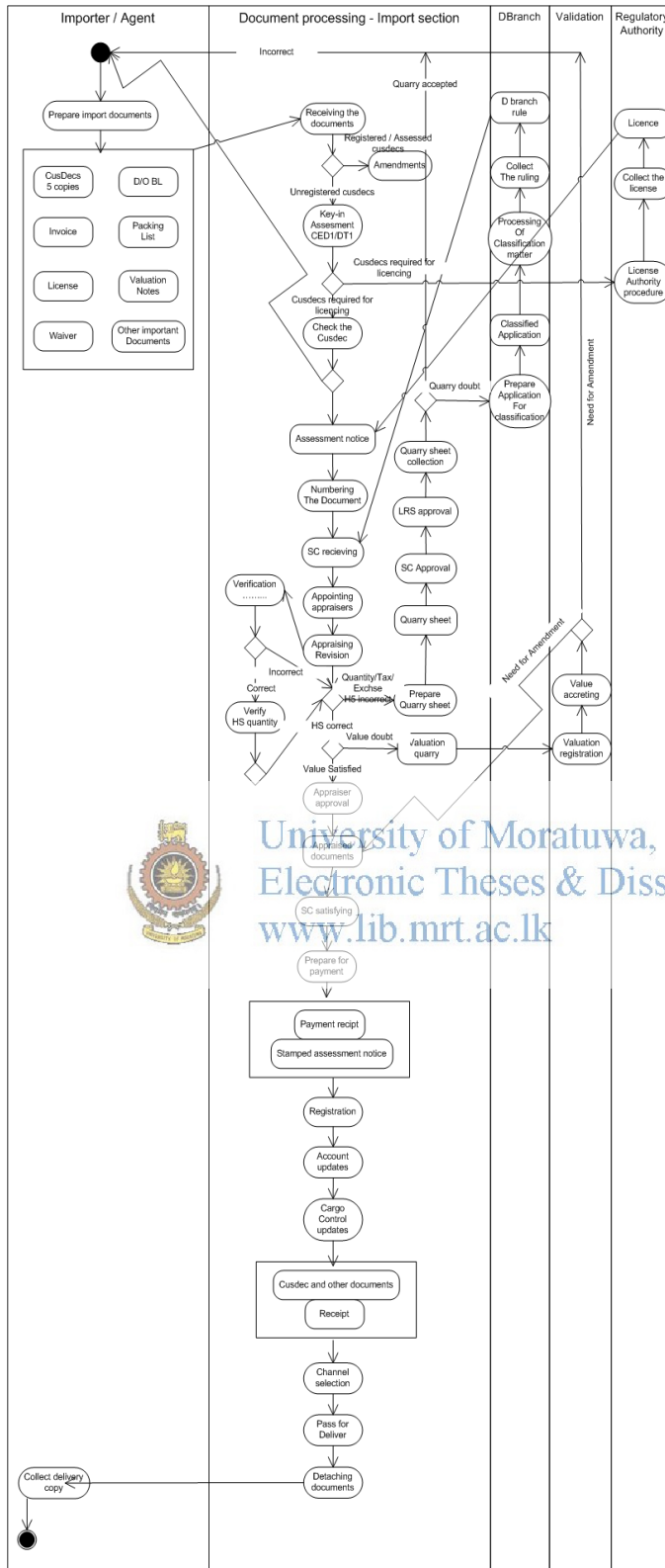
Block licenses are issued for medicines and chemicals based on the block approval (periodic) from the recommending authority. Since various products from various countries are included in block licenses and therefore, the value indicated on the license application is usually in Sri Lanka Rupees. Due to the fluctuations in exchange rates the amount indicated becomes insufficient before the end of the period and the balance of the licenses fee, some negligible amount usually, has to be paid before the license being debited.

Block licenses are communicated to banks and the banks should allow initiation of payment method on the license value. If the license value is insufficient, the importer should enhance the license value at Import Control Department by paying an additional fee and wait till the enhancement is communicated to bank. License debiting takes place at banks as well.

Debiting the license at the Department takes significant time and involves tedious documentary checks. The conditions stipulated in the license are verified at this stage. In case of medicines, they check analytical reports for each drug. In fact, the staff at the Department do not know how to interpret the contents except the validity dates. The same practice applies for many chemical and telecom products.

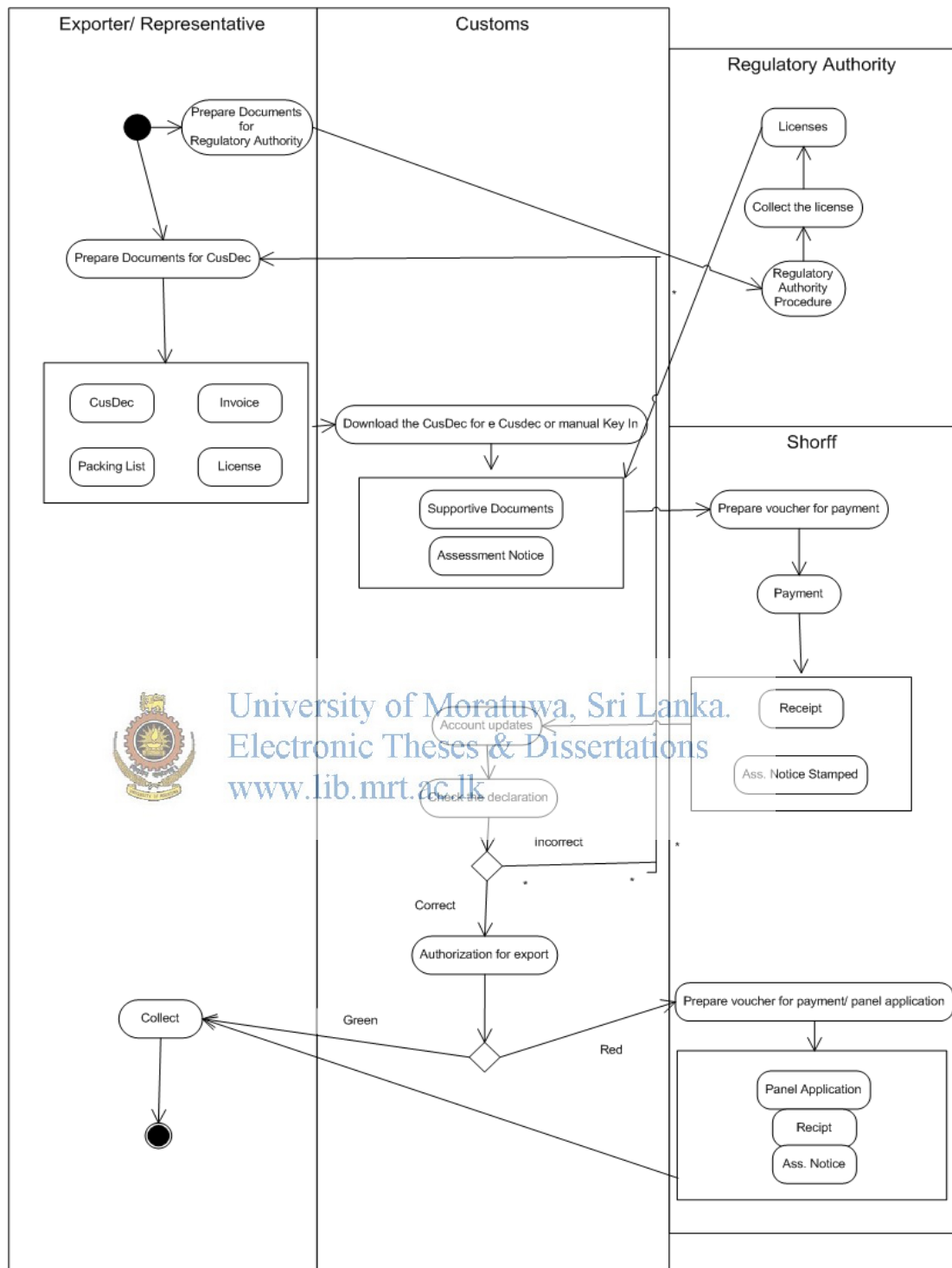


APPENDIX 2A-Import Cargo Declaration Processing

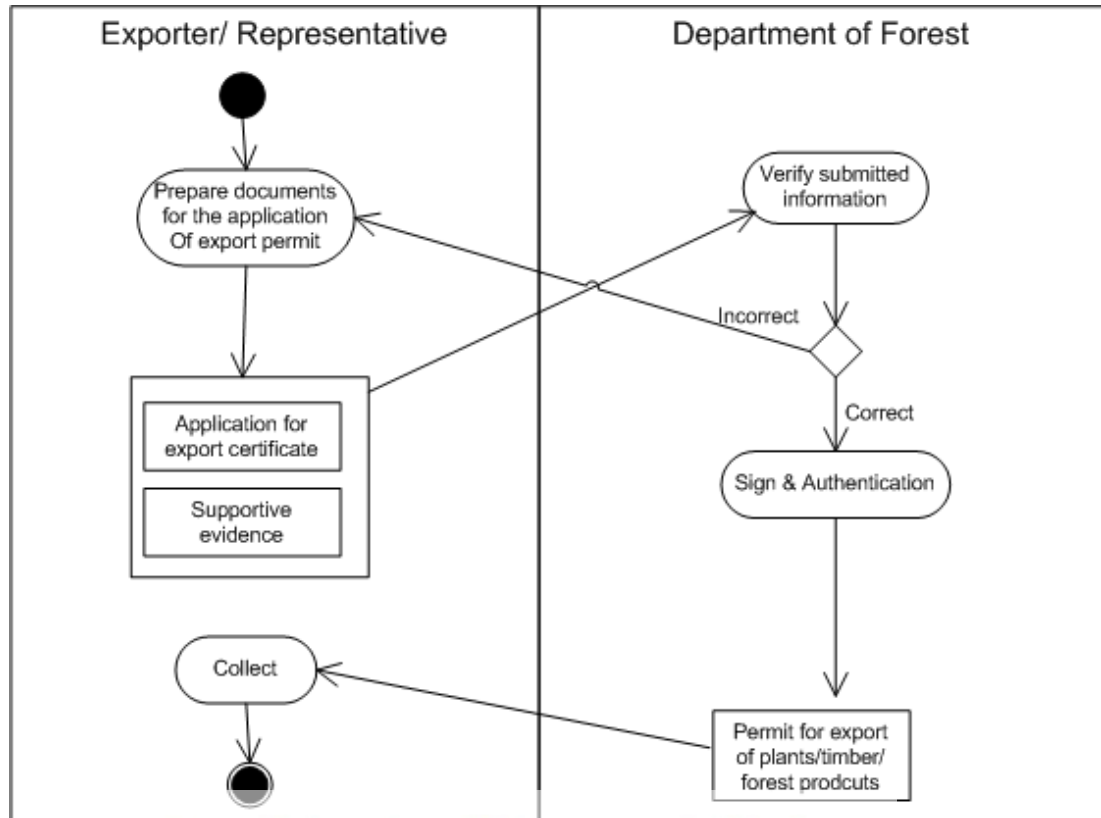


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APPENDIX 2B - Export Cargo Declaration Processing

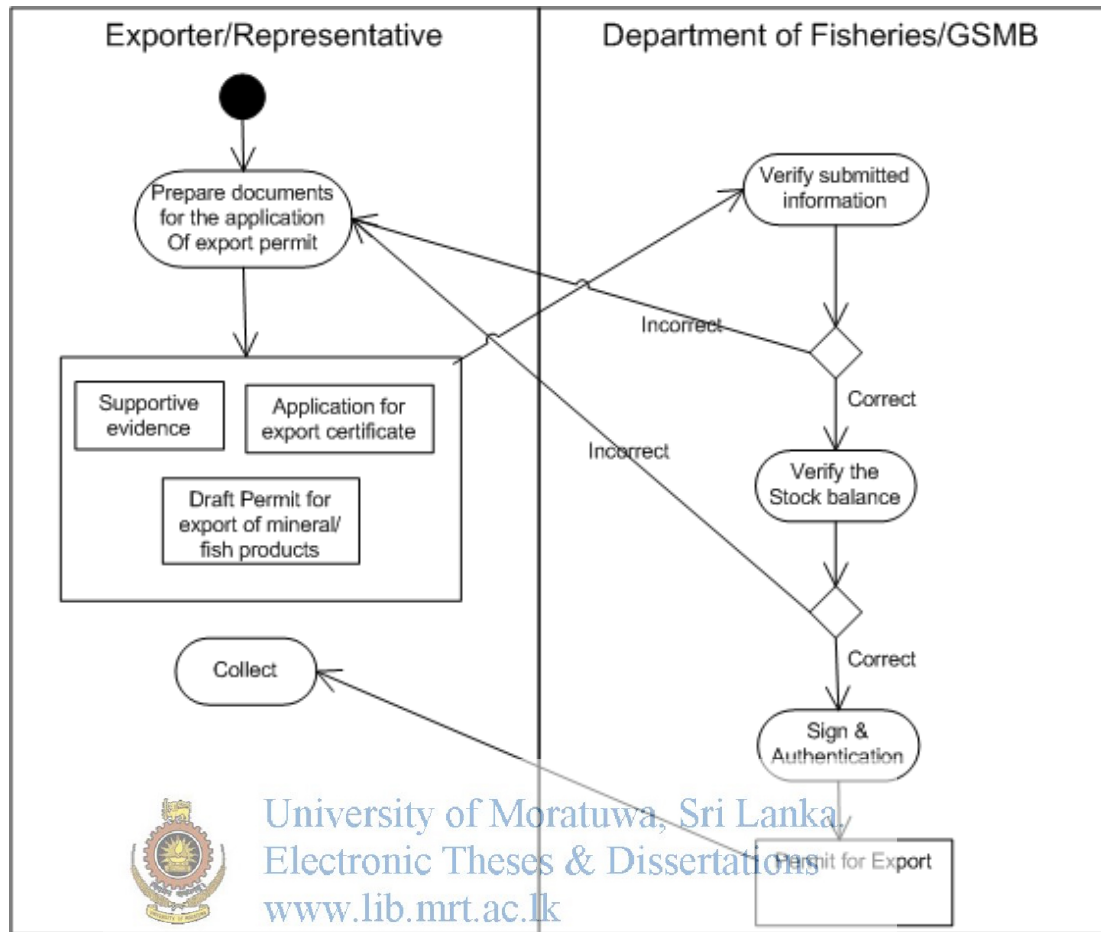


APPENDIX 2C-Obtain Export Certificate (permit) -Forest Produce

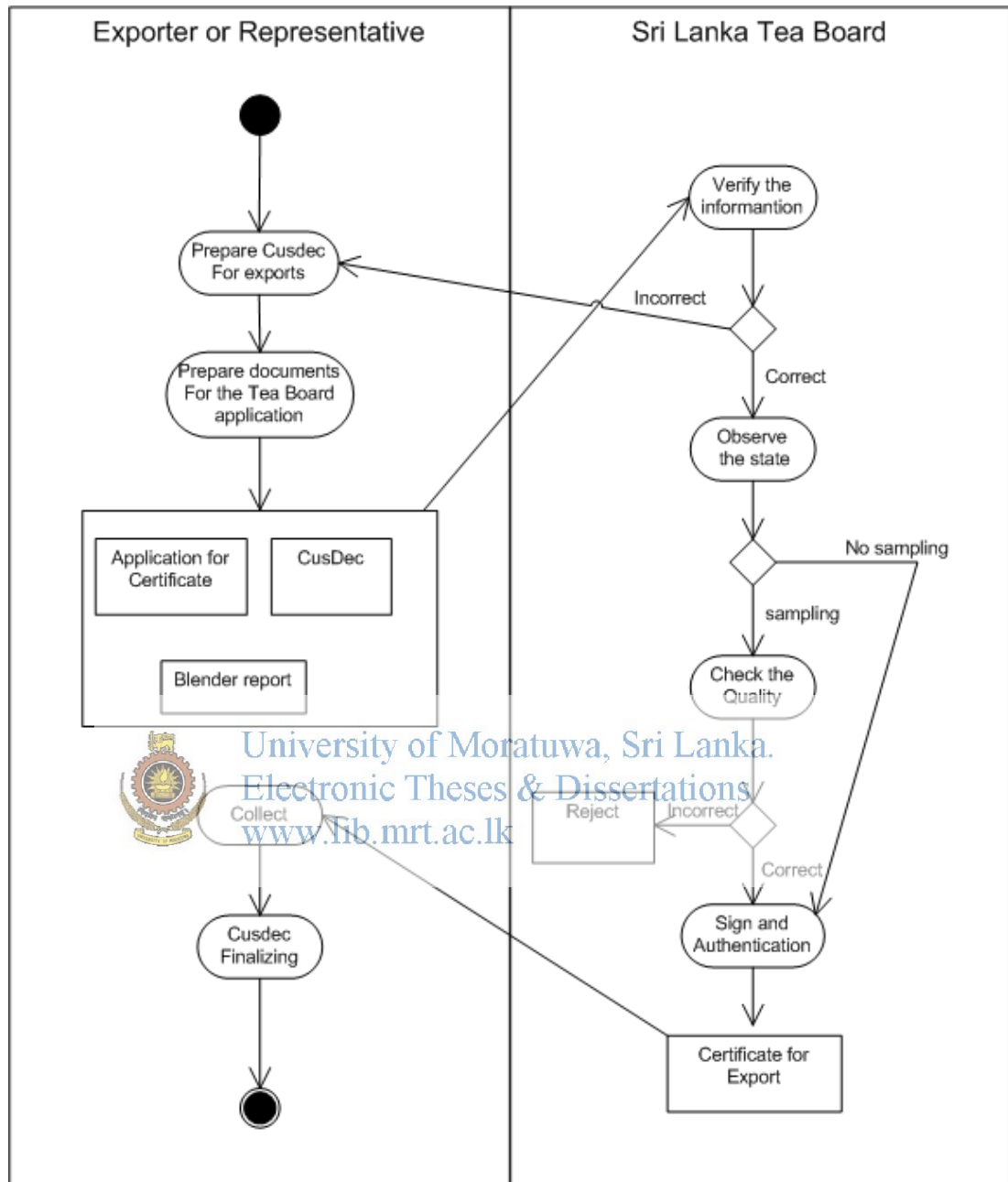


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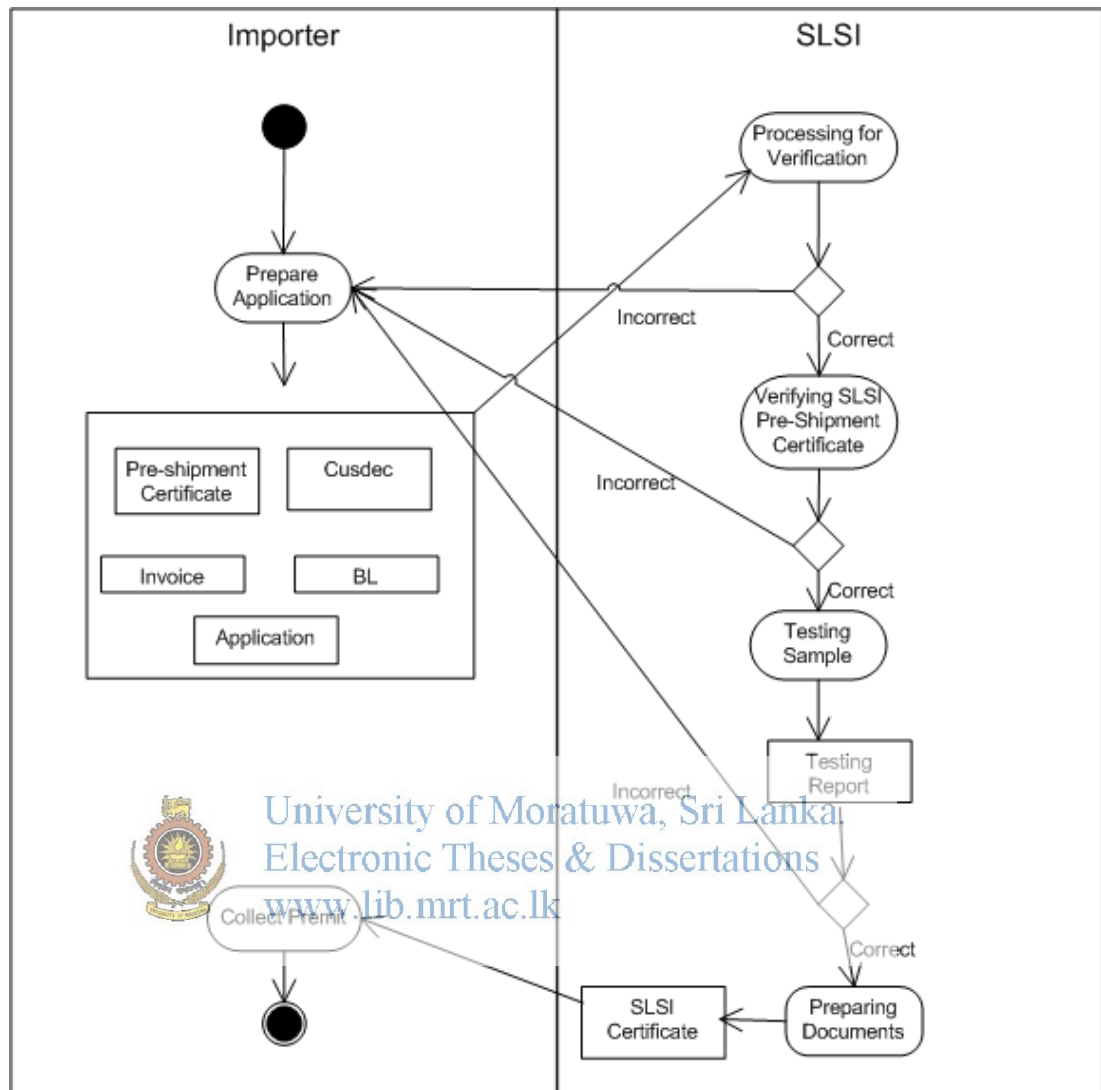
APPENDIX 2D- Obtain Export Certificate (permit) -Fisheries & GSMB



APPENDIX 2E - Obtain Export Certificate (permit) – Sri Lanka Tea Board

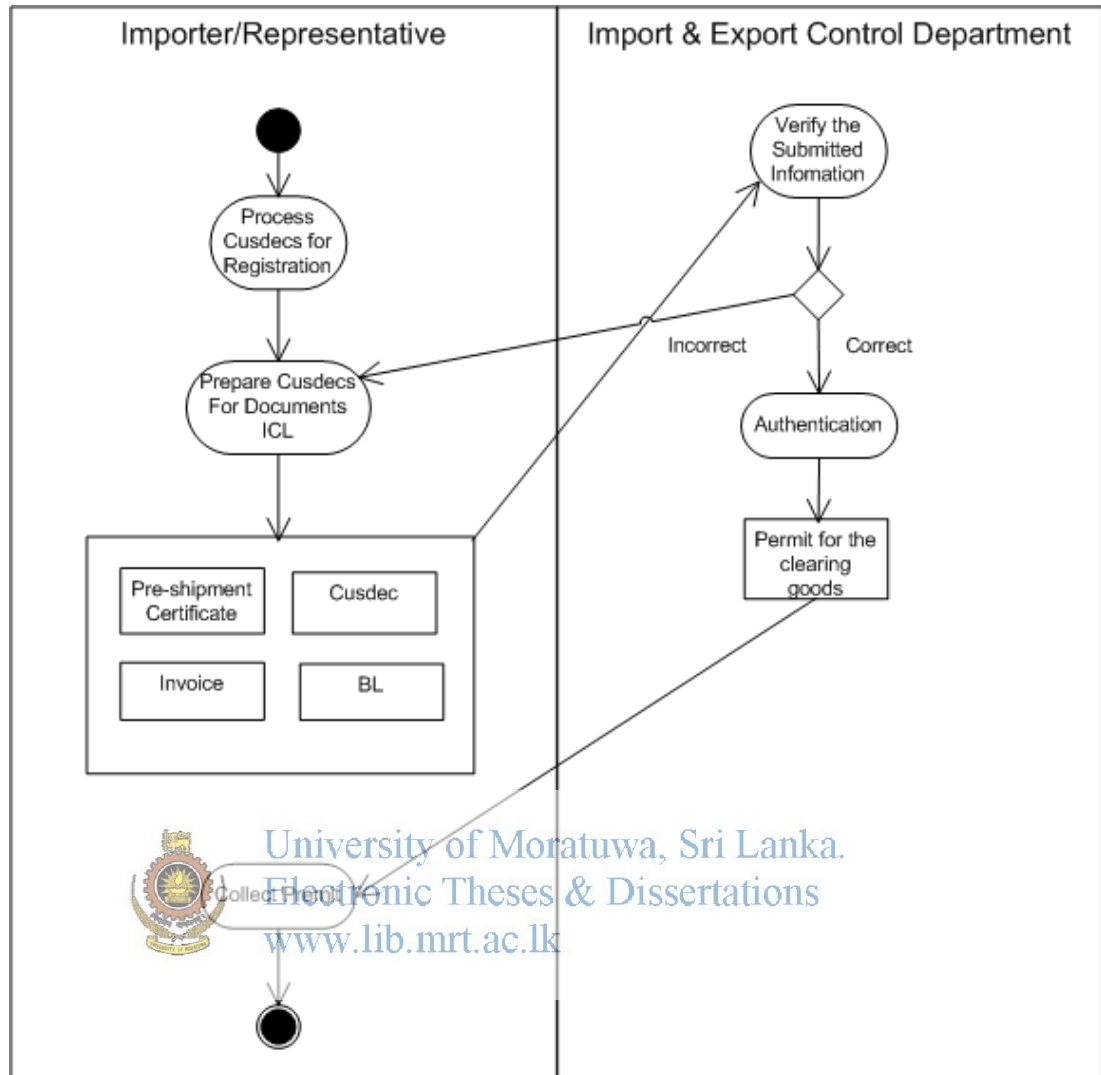


APPENDIX 2F- Obtain Export Certificate (permit) – Sri Lanka Standard Institutes

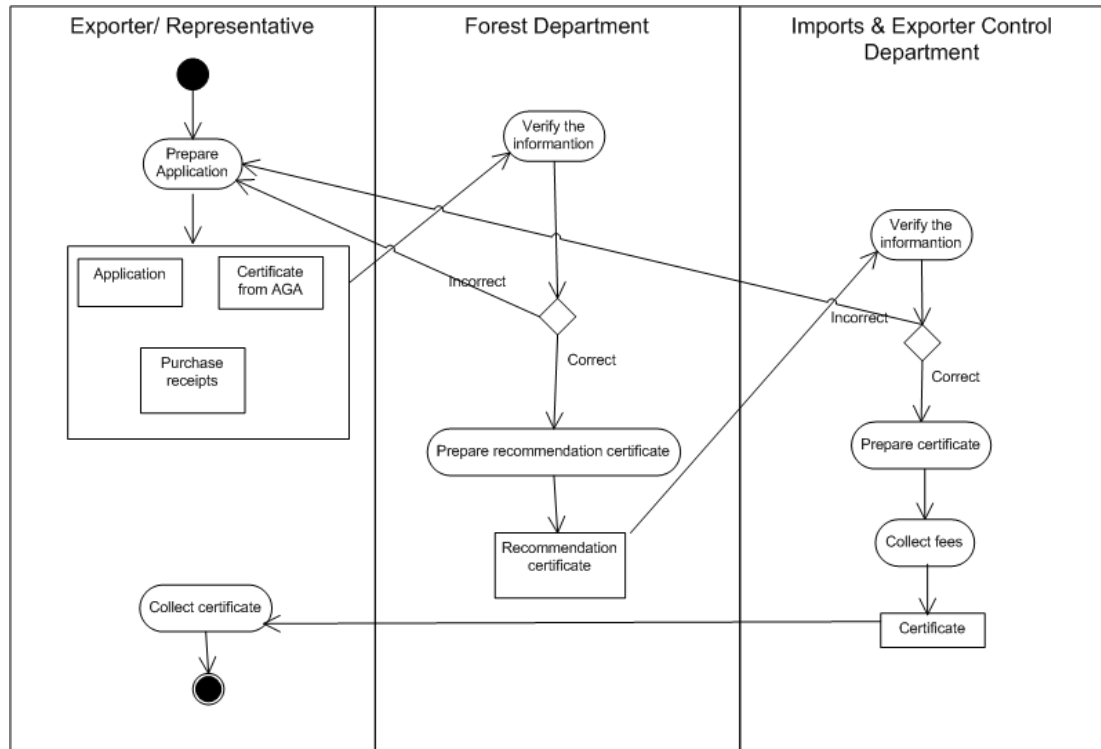


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APPENDIX 2G - Obtain Import Control License (ICL)



APPENDIX 2H- Obtain Permit for Export of Wooden Article



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APPENDIX 3- QUESTIONNAIRE ON OBTAINING LICENSE/PERMITS

1. Average number of licenses/permits your company obtains per month:

Less than 10 10-25 above 25

2. Type of license/permit (see attached list)

3. How do you apply for licenses/permits?

On line Manual (by visiting) Other

4. Is there a specific form to fill? Yes No

5. What are the supporting documents required to obtain license/permit?

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6. Is license/permit fee or processing charges payable to the regulatory agency?

Yes No

7. Please indicate average time taken to

Prepare application form

Process the application form at the regulatory agency

Process the cusdec with license/permit at Customs

Debiting the license (if required)

8. Do you get status update ? Yes No

9. Comments if any:

.....



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APPENDIX 4- QUESTIONNAIRE FOR SOLUTION

It was pointed out at the Importers/exporters forums that the trading community experiences delays in clearing consignments that require a license/permit. Subsequent studies revealed that clearance time for such consignments are generally more than for the other consignments.

Sri Lanka Customs is in the process of ascertaining the reasons for the delays and finding solutions. The Following questionnaire is to obtain your valuable input to find a better solution.

P.A. Dias

Additional Director General of Customs

8th July 2010



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Questions are related to consignments that requires a license/permit from a regulatory authority.

1. Do you feel that the time taken is justifiable? Yes/No
2. Do you feel that the time taken leads to extra or unplanned expenditure? Yes/No
3. If “Yes” to Q1 can the time be reduced? Yes / No
4. Do you feel that additional time is taken due to:
 - I. Staff lacking information ()
 - II. Difficulty in accessing records by staff ()
 - III. Lack of expertise ()
 - IV. Attitude of the staff ()

V. Other (Pl specify) ().....

Rank them most important (1) to least important (5).

1. () 2. () 3. () 4. () 5. ()

5. If “Yes” to Q3, how to achieve it?

- I. By simplifying the processes ()
- II. By automating the processes ()
- III. By addressing administrative issues ()
- IV. All or combination of above ()

(Administrative issues includes punctuality of staff, shortage of staff etc)

Rank them most important (1) to least important (4).

1. () 2. () 3. () 4. ()

6. Please rank the processes that by simplification will have the most impact on total time taken for clearance? (most important (1) to least important (4))

- I. Processes of Customs documents ()
- II. Processes at regulatory authority ()
- III. Processes to obtain shipping line documents ()
- IV. Processes at cargo examination ()

7. Is it necessary to provide Cargo declaration (CusDec) number to obtain license/permit?

Yes for all commodities ()

Yes for some commodities ()

Not required ()

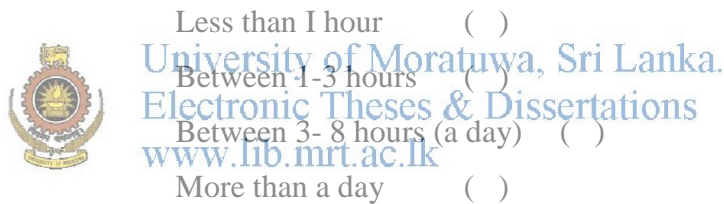
8. Average time taken to produce CusDec to regulatory authority after obtaining the CusDec number from Customs is

- Less than I hour ()
- Between 1-3 hours ()
- Between 3- 8 hours (a day) ()
- More than a day ()

9. How to reduce the time mentioned in Q8?

- I. Have both Customs and Regulatory offices in same building ()
- II. Faxing a copy of Cusdec to regulatory authority by agent ()
- III. Customs to send a message to regulatory authority ()
- IV. Provide soft copy of CusDec to regulatory authority ()

10. Average time taken to produce CusDec license/permit to Customs after obtaining it from regulatory authority is

- 
- Less than I hour ()
 - Between 1-3 hours ()
 - Between 3- 8 hours (a day) ()
 - More than a day ()

11. How to reduce the time mentioned in Q10?

- I. Have both Customs and Regulatory offices in same building ()
- II. Fax a copy of permit to Customs by agent ()
- III. Regulatory authority to send a message to customs ()
- IV. Attaching permit to soft copy of CusDec by regulatory authority ()

12. If Electronic transfer of documents is the preferred option, which is the better solution?

- I. Direct links among customs, regulatory authorities and Trade ()
- II. Use a software package to exchange information ()

13. If the option for Q 12 is to use a software package then who should own such a system?

Public institute ()

Private entity ()

14. Any other suggestions



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APPENDIX 5-Proposed Format for License/permit

The screenshot shows a web application window titled "Create XML" for "Sri Lanka Customs". The main heading is "Data Conversion/Validation Program for Regulatory Authorities". The interface is divided into several sections:

- PERMIT DETAILS:** Authority (001), Permit No (empty), Permit Date (3/14/2011), Permit Expiry Date (3/14/2011). Each date field has a calendar icon and a "Lock" checkbox.
- CONSIGNEE DETAILS:** Consignee Name (text area), Consignee Address (text area), Consignee VAT (text area).
- CONSIGNMENT DETAILS:** Invoice No (text area), Invoice Date (3/14/2011), B/L (text area), Description (text area). The Description field has a "Lock" checkbox.
- OTHER DETAILS:** Conditions (dropdown), "ADD CONDITION" and "DELETE CONDITION" buttons, UOM (dropdown), Qty (0.00), and a "Lock" checkbox.

At the bottom right, there is an "ADD RECORD" button. At the bottom center, there are "RESET" and "CREATE XML" buttons. A watermark for the University of Moratuwa is visible in the center of the form.

Above format was designed by the technical staff of the ICT Directorate of Sri Lanka Customs to obtain permits electronically from Regulatory Authority.


GLOSSARY

Trade Facilitation : maximise efficiency while safeguarding legitimate regulatory objectives

Customs TARIFF

Any classification and coding system introduced by national administrations or Customs or Economic Unions to designate commodities or groups of related commodities indicating unit of measurements, applicable duty tax rates and other restrictions.

OECD -Organization for Economic Co-operation and Development

 The OECD, which traces its roots to the Marshall Plan, groups 30 member countries committed to democratic government and the market economy. It provides a forum where governments can compare and exchange policy experiences, identify good practices and promote decisions and recommendations. Dialogue, consensus, peer review and pressure are at the very heart of OECD.

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Single Window - 'Facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export and transit-related regulatory requirements. If information is electronic then individual data elements should be submitted once'. UN/CEFACT

WCO Data Model - Maximum set of carefully combined and harmonized data requirements derived from cross-border regulation. These requirements are mutually supportive and will be updated on a regular basis.

A **bill of lading** (sometimes referred to as a **BOL** or **B/L**) is a document issued by a Carrier to a shipper, acknowledging that specified goods have been received on board as cargo for conveyance to a named place for delivery to the consignee who is usually identified. The term derives from the verb "to lade" which means to load a cargo onto a ship or other form of transportation. (Wikipedia - 10th October 2010)

Air Way Bill is a type of bill of lading that serves as a (1) receipt of goods by an airline (carrier) . (Wikipedia - 10th October 2010)

UNLK – United Nations Lay Out Key for trade documents has provided governments, organizations and the business community with a basis for a standard and aligned design of documents used in trade and transport. This has led to a major improvement in the standardization of trade documents in many countries throughout the world. –**UNLK Guidelines**



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