

Overview of the Sri Lanka's Export Control System

From the Sri Lanka Customs' Perspective

1. Introduction

Sri Lanka Customs is committed to assist Sri Lanka to achieve economic prosperity through exports development while performing the pivotal role as facilitator, monitor and enforcer. As a service provider and facilitator of the trade, Sri Lanka Customs has streamlined the procedures for efficient documents processing and examination of Cargo to provide maximum assistance to the exporter while enforcing relevant laws and regulations. The present exports process is in place to make sure that all aspects of governance, such as financial, legal statistical and procedural aspects are adhered to, without fail.

2. Types of outward cargo effected from Sri Lanka

2.1 Exports originating from Sri Lanka.

- (a) Local produces or goods manufactured using local raw materials.
- (b) Goods manufactured in Free Trade Zones using imported raw materials.

2.2 Transshipment Cargo

- (a) General Transshipment Cargo
- (b) Cargo under Multi Country Cargo Consolidation (MCC) Operation.

2.3 Cargo under Entrepot Trade

3. Legal Control of Exports

All commercial exports must be exported on submission of a duly completed goods declaration to the Customs Department along with other relevant documents such as invoice, Bill of Lading, Boat Note, Cargo Dispatch Note etc. The Exchange Control Act requires earnings on exports be brought into the country through banking channels. The exportation of certain item has been restricted under various laws and the respective government institutions have been empowered to issue permits/licenses for exportation of such items.

Some of the Acts/Ordinances and the relevant government agency empowered to enforce such laws are given below.

- (i) Department of Animal Production & Health – **Animal diseases Act**
- (ii) Import & Export Control Department – **Import & Export Control Act**
- (iii) Environmental Authority – **Environmental Authority Act**
- (iv) Department of Archaeology – **Antiquities Ordinance**
- (v) Department of Agriculture – **Plant Protection Act**
- (vi) Department of Wildlife Conservation – **Fauna & Flora Protection Ordinance**
- (vii) Department of Fisheries and Aquatic Resources – **Fisheries & Aquatic Resources Act**
- (viii) Department of Forest Conservation – **Forest Ordinance**
- (ix) Geological Survey & Mines Bureau – **Mines & Minerals Act**
- (x) National Dangerous Drugs Control Board – **Poisons, Opium and Dangerous Drugs Ordinance**
- (xi) Registrar of Motor Vehicle - **Motor Vehicles Act**
- (xii) Sri Lanka Tea Board – **Tea Control Act**

The provisions of the aforesaid Acts/Ordinances pertaining to control of relevant exports are enforced by the Customs Department at the point of exit, since the Customs Department is empowered to enforce such restrictions and prohibitions under the provisions of the Customs Ordinance as well.

4. Physical Control of Export Cargo

4.1 Exports Originating from Sri Lanka

Every exporter has to deliver to the Customs Department a goods declaration in order to effect an export consignment out of Sri Lanka. The declarations could be lodged either manually or using the Direct Trade Input (DTI) facility or Electronic Data Interchange (EDI).

The examination of export cargo, based on risk management, are done either at the exporter's go down or at the nominated Container Freight Stations.

These examinations basically involve random checks or test checks while a 100% examination is done in cases where such examination is warranted depending on the circumstance. These examinations are conducted by the Customs Department. In the case of goods originating from the Free Trade Zone, such goods would be examined by the officers of Board of Investment of Sri Lanka while the goods originating from the manufacturing plants which enjoy duty free concessions which are stationed **outside** the Free Trade Zones, would be examined by Customs or BOI officers of selectivity criteria.

All export cargo in full container loads examined or passed without examination would arrive in the Colombo Port with an agent seal, which are opened up for security checks by Sri Lanka navy at the point of entry to the Colombo Port. These containers are re-sealed after the security check with agent's seal which would remain intact until the departure from Sri Lanka.

In case of Air Cargo exports, the cargo will be examined at the Air Cargo Village- Katunayake by the Customs Officers prior to taking over by the cargo handling agent for loading in to the Aircraft.

4.2 Transshipment/MCC Operation/Re-Working Cargo

From January to October 2006, the Customs has handled approximately 570,000 containers of transshipments.

The purpose of the present Customs transshipment procedure is to ensure that goods which arrive in the area of customs office for transshipment are subsequently duly removed from it for onward transport to their final destination. The handling agent for transshipment cargo shall produce a declaration of transshipment cargo giving details such as description of good, final consignee, name of the vessel and date etc. on which, the deposit of transshipment cargo in the Customs area would be permitted. The re-shipment application is necessary for any transshipment cargo so deposited for onward reshipment. Usually, these cargos are not examined by Customs. However, an examination would be done by Customs to clear out any doubt concerning such cargo, in the presence of the respective shipping agent.

The goods under Multi Country Cargo operation (MCC) would be removed on a prescribed form approved by Customs to the approved Warehouse by the MCC Operator for unloading. The transportation of such cargo from the port

to the MCC Operator's Warehouse is done either under Customs supervision or in an approved bonded carrier. All operations at the relevant MCC Warehouse would be done under the supervision of customs officers. Once consolidation of cargo is completed, goods would be brought back to the port under Customs supervision and exportation would be allowed after making necessary endorsements on the relevant form, which would be complete transshipment. Approximately 500 containers on MCC operation are handled by Customs each month.

- 4.3 The documentation and physical control of cargo on Entrepot Trade are also similar to that of MCC cargo operations.

5 New Developments in the Export Cargo Control

With the introduction of following cargo scanning system the effectiveness of cargo screening has been greatly enhanced.

5.1 Container Security Initiative (CSI) in the Port of Colombo

Operation of CSI in the Colombo Port commenced on 29th September 2005. The officers of Central Intelligence Unit of Sri Lanka Customs and the officers of US CBP stationed in Colombo carry out the operations jointly. X-ray inspection site is located adjoining the new CSI building at Kochchikade area. The scanner is statically installed at the inspection site and the targeted containers are needed to be moved to the site.

US CBP officials identify and target risk containers based on advance information available to them. Having input intelligence, SL Customs makes final decision and direct the terminal operator to produce the selected transshipment/export container to CSI inspection site. SL Custom's Officers inspect the container using the X-ray scanner in association with US CBP officers.

Upon any suspicious image detected, the subject container will be physically examined in the present of the agent of the goods. Otherwise, the container will be released to the terminal operator for export without delay.

Approximately 65 containers are scanned per month at present. The percentage of local export containers selected for scanning during the said

period is approximately 7%. 17 US bound vessels in average are operating at the port of Colombo by the two terminal operators.

5.2 Mega Port Project

The Colombo Port has been equipped with radiation detectors to detect radioactive material in all incoming and outgoing containers to and from Colombo Port and transitional containers. While Sri Lanka Ports Authority, South Asia Gateway Terminal, Sri Lanka Navy and Sri Lanka Atomic Energy Authority are the other parties involved in this project, the Sri Lanka Customs Department has been entrusted with a huge responsibility of interdiction and identification of illegal transportation of Radioactive Material, and to take all legal action against the parties concerned, which has been undertaken by the Customs with determination. This project has been funded by the US government.

5.3 Mobile Cargo X-ray Units.

Sri Lanka Customs Department has recently acquired 04 units of Mobile Cargo X-ray Units that would be used in screening containerized import and export cargo. The objective of acquiring these units is to provide fast and clean clearance of containerized cargo. These units will be in use very shortly and will no doubt enhance the effectiveness of screening cargo to counter illegal trade.

