



Issue - 2018

# The Logistician

Newsletter  
of the Sri Lanka  
Logistics &  
Freight  
Forwarders  
Association



*Jagath Pathirane  
Chairman SLFFA*

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## THE COVER STORY

### SLFFA Hails New Tax Structure on Logistics.

- Expresses confidence of industry growth
- Welcome reform to build the Indian Ocean hub for logistics

The Sri Lanka Logistics and Freight Forwarders Association (SLFFA), the apex body representing a key industry in the transportation and logistics activities has hailed a recent government policy decision on taxation on the sector. SLFFA which supports the exports, imports, logistics and trading industry of Sri Lanka has expressed its sincere appreciation to the government that after many long years of canvassing they have been recognized as a catalyst of export promotion. The Finance Ministry /Minister and the government as a matter of principle has brought freight and logistics under the 14% tax threshold where it was previously listed on the 28% level.

The Chairman of the SLFFA, Mr. Jagath Pathirane said that, their members are delighted that the government saw the importance of the logistics industry. We are now in par with regional hubs and given the low margins we work in a volume business. We can now canvass more regional business to Sri Lanka and be more innovative to support initiatives such as the National Export Strategy (NES) where logistics have been identified as a key driver.

We like to extend our appreciation to Hon Minister Managala Samaraweera, all Ministry officials and government who looked at our sector in a pragmatic manner.

We also take the opportunity to thank all others including other trade associations who supported our initiatives.

We as an organisation are also committed to the government’s vision 2025 and endorse government policy on the sector. SLFFA recognizes the need to support liberalization of the Shipping & freight forwarding and Logistics sectors with checks and balances to ensure that capital input and profit generated is adequately reinvested in the Shipping & Freight Forwarding and Logistics sectors of this country.

Our members also now understand that Sri Lanka being a smaller market that we need to expand regionally and globally and to build the critical mass of freight that would move through our country and its ports. We all understand that without economic scale we cannot grow and be a major hub. We look forward to work with the government closely and assist them in formulating policy and support the government initiatives in making Sri Lanka a logistics hub of the Indian Ocean.

(Source: Article published by SLFFA in Daily FT on 14<sup>th</sup> May 2018)

## **EDITORIAL**

We are pleased to circulate the issue for 2018, of the newsletter of the Sri Lanka Logistics & Freight Forwarders Association. It is with much interest that SLFFA has embarked on many programs with the intention of encouraging a high level of professionalism within the industry by organizing many meetings with key professionals who are making a change in the industry.

SLFFA encourages members to attend these meetings as it would serve as an ideal opportunity to expose to the new industry trends and gather information about policies and various government Acts with related to the industry. Moreover, by attending these meetings it will create great networking opportunities with various government official, key professionals as well as your fellow member company representatives.

### **Contribution from Charles Wijesundera – Former Chairman of SLFFA**

**“There is no better success than through sheer hard work”**

It is indeed a pleasure to make this short contribution to the SLFFA newsletter on the invitation of the Editorial Committee as one of the past chairmen of this esteemed Association.

I would share my experience in the freight forwarding fraternity going back to early 1977, when Aitken Spence my first and former employer inducted me to this interesting and most challenging industry at its infancy stage in Sri Lanka. I was at that time a junior executive at Aitken Spence, having joined that company in 1975 straight from finishing my secondary education.

Freight forwarding back in 1977 was something anew to Sri Lanka, to commensurate with the open economic policies of the new government at that time and opening of doors for foreign investors to set up on their own or form joint ventures with local companies in Sri Lanka.

Hence was born Aitken Spence freight forwarding department under the auspices of our first past Chairman late Mr S. S. Kumar, whom I still revere in my cherished memories since he is no longer with us. We were just two people tasked to handle the freight forwarding

department at Aitken Spence and never looked back until the department itself was made to become a subsidiary company of that Group back in 1980.

This subsidiary of Aitken Spence came to be called “ACE Air Cargo”, which was an acronym for air cargo experts (ACE), a phrase that Mr. Kumar and I felt was synonymous with the ethos of the brand. This ACE brand today is a hallmark for the service sector at Aitken Spence Group.

My opportunity to venture out on my own in the freight forwarding industry came about in 1983 when one of the ACE Cargo key partners at that time IE: Dart Express Group, headquartered in Hong Kong, invited me to joint venture with them as their Sri Lankan partner since their business had started to expand in Sri Lanka as one of the newly developing economies. I was joined by twelve of my fellow colleagues in this venture, of whom four of them including myself still remain with the DGL Group as we celebrated our 35<sup>th</sup> group company anniversary on the 21<sup>st</sup> September 2018.

Dart Express Sri Lanka being my first endeavour in business will always hold a special place in my heart, even though today I do not involve myself directly in its day to day activities. I have always strived to set a benchmark in all that I do and have led from the front so that others will follow by example.

Today Dart Express presently called Dart Global Logistics (DGL) has evolved as a multinational company, head quartered in Singapore and operating in 11 countries in the Asia region with excellent partners around the Globe.

We are proud to have over 500 staff under our direct employment and have 11 Sri Lankan staff stationed in our overseas offices. We serve several global brands at present through direct association or global partnership. We have a management team headed by Mohan our CEO and Jude our COO, with four other Group directors stationed across the Asia region.

I am indebted to the SLFFA for inviting me to make this contribution towards this newsletter. I still recall SLFFA in its infancy stage when it had its first meeting at my previous employer's office (ACE Cargo) to elect the late Mr. Kumar as its first and founding Chairman. SLFFA has come a long way since then and given a lot of leadership and guidance on many industry issues. I am proud that it is recognised as the industry standard in the freight forwarding / logistics spheres in Sri Lanka.

I would particularly recall my personal involvement in the setting up of the Air Cargo Village (ACV) back in the early 1990s in close association with my good friend Diren and having to travel to the airport together on numerous occasions during the troubled JVP times. Moreover, I did especially enjoyed the

period of 1997 to 1999 (2 years) that I was the past Chairman of SLFFA. We had collectively withstood the introduction of the fuel surcharge by the airlines concerned, which at the time was a very alien concept to our industry in Sri Lanka.

Another hallmark during my Chairmanship was the initiation of the SLFFA training school in Sri Lanka for its member staff which has come a long way today and the hosting of the FAPAA Regional Conference in Sri Lanka organised by SLFFA. Adding to this we held the 1<sup>st</sup> ever SLLFA dance in October 1998 during my chairmanship and I'm glad this tradition is being continued even to this date!

I would also recognise the immense services done to the SLFFA and its members by many of its previous past chairmen starting from late Mr. S. S. Kumar, Mr. Riyaz Farook, Mr. Hanif Yusoof, Mr. Diren Hallock, Mr. Sumith Guruge and Mr. Sunil Malawana to name a few amongst others of recent times. Given its proactive role in the industry, I am most confident SLFFA will lead the way in facing the various challenges ahead with Sri Lanka undergoing many changes in the economic sphere.

I wish the SLFFA every success in all its future endeavours. On a concluding note, I would offer my simple advice to those young aspiring freight forwarders and entrepreneurs that no success will come easy in this business unless you are honest and visible to your customers and maintain a happy staff at all times. Importantly be humble where your success will take you and never think of being the super freight forwarder or the number 1 but develop the ultimate staying power in this challenging business. Thank you !

# SLFFA INITIATIVES

## Annual General Membership Meeting

The Sri Lanka Logistics and Freight Forwarders Association (SLFFA) held its Annual General Membership Meeting on the 26th of February at the Chamber of Commerce, Colombo 2. The objective of the meeting was to share the key initiatives undertaken by SLFFA and also to provide a forum to the members to express their comments regarding the factors which has a direct impact on our Industry, such as Regulatory affairs.

Mr. Jagath Pathirane , Chairman of SLFFA welcomed the members and spoke of the actions taken by the Association to address some of the critical challenges faced by the Industry and encouraged members to actively participate in the different projects undertaken by the subcommittees of SLFFA.

Mr.Pathirane spoke at length on the challenges that the industry would be faced within the years to come and also went on to convey to the members of the milestones the association had achieved by way of being a torch bearer for the Industry in respect of Regulatory matters which has a direct impact on our businesses.

He also noted with delight if the inclusion of the Association to be represented in the committee of Policy Planning for Ports and Shipping by the authorities as well.

SLFFA has gradually gained recognition as a key stake holder in the policy planning initiatives undertaken by the state. Mr Pathirane mentioned that SLFFA is well represented by both past presidents and Ex-Co members in on going discussion related to the formulation of the National Export Strategy (N.E.S ).

Also, Sri Lanka customs and other regulatory bodies have invited the views of SLFFA in several critical policy studies such as Entrepot, Single Window Clearance facility, multi country consolidation etc. This augurs well for the Industry as we have now gained recognition as a key stake holder in the Country's development road map.

One of the key achievements of SLFFA in the recent past was to effectively lobby with the relevant stakeholders against the imposition of the CASS payment system. If implemented, this would have an adverse impact on the working capital of the members who are already challenged by the rapid reduction in margins.

As well, Mr Pathirane explained the position adopted by SLFFA in respect of the Industry liberalization. SLFFA conducted an online survey for the members to determine the diverse views expressed by the members. According to the survey, a majority of members welcomed liberalization subject to a specific framework and guidelines.

This was followed by an updated from the Air Freight Subcommittee Meeting that was delivered by Mr. Prasaj Pathirane. He elaborated on the specific initiatives undertaken the SLFFA to addresses the operational challenges experienced by the members at the Air Cargo Terminal including dated security procedures, Infrastructure issues etc. SLFFA has continued maintain a regular dialogue with Sri Lankan Air Lines and the Civil Aviation Authority in this regard.

Mr Ahmed Fazlee representing the Ocean Freight subcommittee briefed the members regarding the progress made with Customs and Port Authorities. One of the critical breakthroughs achieved by SLFFA was the reduction in the deadline applicable for freight forwarders related to the Import manifest submission. SLFFA wishes to thank the Sri Lanka Customs for their cooperation in this regard.

Mr. Roshan Silva who heads the CSR Project spoke on the partnership with the Lady Ridgeway Hospital where SLFFA has continued to support the Operating Theatre Facility Improvements Project and thanked the Members for their contributions which enabled the Association to carry out this project. Mr Silva also encouraged the members to suggest any CSR Initiatives which could be considered by SLFFA.

Mr. Chaminda Hewamallika spoke on the activities related to A.I.T.T – the training arm of SLFFA. He encouraged the members to expose their employees to the various courses offered by A.I.T.T which would benefit the overall industry in the long run in terms of professionalism and standards.

The Association also invited Ms. Jasmina from AIIT present a progress report on the multiple courses conducted by A.I.T.T. She noted that that the intake for the FIATA Diploma course has shown an increase during the last two years. She also reminded that SLFFA members are entitled to a 15% rebate when enrolling their employees to the courses offered by A.I.T.T.

Mr. Peter Jasinghe spoke of the Publicity and Social Affairs of the Association and thanked the membership for their participation at the Cricket Sixes which was a resounding success. He also mentioned that the bi-annual SLFFA Dance that was planned for the coming year and requested the fullest co-operation to make this event a success. He went on to convey that the above events are of great importance to the Association as it serves as a fund raiser to uphold the activities and CSR projects carried out throughout the year.

The meeting was well represented and the Association plans to carry out such meetings to keep the fraternity posted on the developments of the industry on a bi-annual basis.

## **TRAINING & DEVELOPMENT**

### **SLFFA Dangerous Goods Training Program**

SLFFA conducted Three DG Refresher training programs. The first being in March 2017 with 20 participants, the second session was held in November 2017 with 30 participants and another in December with 17 participants. Each Refresher course was conducted in 2 batches at the Jaic Hilton Residences.

The DGR program was once again conducted by SLFFA's own in-house trainer, Mr. Janaka Sumithrarachchi, who received his initial training directly from IATA Singapore. A Dangerous Goods Regulations next Initial course will be held on 12<sup>th</sup> to 15<sup>th</sup> November 2018 and a Refresher course will be held on 6<sup>th</sup> to 9<sup>th</sup> November 2018.

#### **Courses conducted by AITT/LIT (SLFFA members receive a discount on the course fee)**

- Foundation course in Multimodal Transport and Logistics
- Certificate course in Logistics Services, Freight Forwarding and Multimodal Transport
- FIATA Diploma in International Freight

## SLFFA Breakfast Meeting

SLFFA Breakfast Meeting was held on 20<sup>th</sup> September 2018 under the heading “Controlling your own destiny with unmatched flexibility and adaptability. Learn the technologies that are reshaping the global forwarding & 3 PL” presented by Mr. David Houser, Senior Vice President, International Sales at Highjump Warehouse Management Execution Group. A gathering of approximately 50 participants from SLFFA member companies attended this event which was held at the Conference Room at Jaic Hilton Hotel, Colombo.



## SOCIAL EVENTS

### SLFFA Cricket Sixes 2017

The SLFFA Cricket Sixes was held on Saturday, 11<sup>th</sup> November 2017, at the P. Saravanamuttu Stadium (The Oval), where 48 very enthusiastic teams from SLFFA member companies participated. This was the 5<sup>th</sup> instance where the Association organized this event which has now become a popular event in the SLFFA events calendar.

The Main Sponsor for the event was **Janashakthi PLC**, while the co-sponsors were **Srilankan Airlines** and **Mobitel**. **Salota International (Pvt) Ltd** won the Championship Challenge Trophy (sponsored by Expolanka Freight (Pvt) Ltd) while the runners-up were **Dart Global Logistics (Pvt) Ltd**.



## CSR PROJECTS

SLFFA has identified the importance of assisting the Lady Ridgeway Hospital which is recognized as the largest children's hospital in South Asia. The SLFFA dance has been the main platform to generate funds for the CSR projects of the association. A summary of SLFFA's assistance to LRH throughout the years;

- \* 2013/2014 – 31 theatre doors in 7 operating theatres (Rs. 3 million project)
- \* 2015/2016 – donated 10 high quality stainless steel adjustable trolleys (Rs. 1,230,000 project)
- \* 2017/2018 – donating of cleaning equipment for operating theatres and wards and installation of CCTV camera system (Rs. 1.1 million project)

## SLFFA EVENTS FOR 2018

- \* General Membership Meeting
- \* SLFFA Annual General Meeting
  - \* SLFFA Breakfast Meetings
  - \* SLFFA Dinner Dance
  - \* DGR Training Programs

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