



**SRI LANKA LOGISTICS & FREIGHT  
FORWARDERS' ASSOCIATION**

***ANNUAL REPORT  
&  
ACCOUNTS***

***2018/2019***

**SRI LANKA LOGISTICS & FREIGHT FORWARDERS’  
ASSOCIATION**

***REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR 2018 / 2019***

<b>CHAIRMAN</b>	:	Mr. Jagath Pathirane
<b>VICE CHAIRMAN</b>	:	Mr. Roshan Silva
<b>TREASURER</b>	:	Mr. Dinesh Sri Chandrasekara
<b>IMMEDIATE PAST CHAIRPERSON</b>	:	Ms. Tania Polonnowita Wettimuny
<b>ADVISORY COUNCIL</b>	:	Mr. Dushmantha Karannagoda Mr. Mohan S. Mohanadas Mr. Tony De Livera Mr. Niral Kadawatharatchie Mr. D R Hallock

**EXECUTIVE COMMITTEE**

Ace Cargo (Pvt) Ltd  
Expelogix (Pvt) Ltd  
DHL Global Forwarding Lanka (Pvt) Ltd  
Foreway Logistics (Pvt) Ltd  
MAC Supply Chain Solutions (Pvt) Ltd  
Mack International Freight (Pvt) Ltd  
Speedmark Transportation Lanka (Pvt) Ltd

**SECRETARIAT**

Sri Lanka Logistics & Freight Forwarders’ Association  
No. 37 D, Torrington Avenue  
Colombo 07.

## SLFFA OFFICE BEARERS & EXECUTIVE COMMITTEE 2018/2019



**Seated From L-R:** Mr. Rohan Induruwa (Secretary General), Mr. Roshan Silva (Vice Chairman), Mr. Rajendra Theagarajah (Chief Guest), Mr. Jagath Pathirane (Chairman SLFFA), Mr. Dushmantha Karannagoda (Past Chairman), Mr. Dinesh Sri Chandrasekara (Treasurer)

**Standing From L-R:** Mr. Sadeeptha Illangatilleke (Ace Cargo Pvt Ltd), Mr. Chaminda Hewamallika (Maersk Lanka (Pvt) Ltd), Mr. Channa Gunawardena (Expelogix (Pvt) Ltd), Mr. Peter Jasinghe (Mack International Freight Pvt Ltd), Mr. Ahmed Fazlee (DHL Global Forwarding Lanka Pvt Ltd), Mr. Prasansa Rodrigo (Speedmark Transportation Lanka Pvt Ltd), Mr. Prasaj Pathirana (MAC Supply Chain Solutions Pvt Ltd) and Mrs. Erandi Ponnampereuma (Manager SLFFA)

# MEMBERSHIP

## A

Abans Logistics (Pvt) Ltd  
ABC Freight Services (Pvt) Ltd  
ACE Cargo (Pvt) Ltd  
ACE Distriparks (Pvt) Ltd  
Advantis Freight (Pvt) Ltd  
Agility Logistics (Pvt) Ltd  
Air Marine Logistics (Pvt) Ltd  
Airsea Worldwide (Pvt) Ltd  
Aitken Spence Cargo (Pvt) Ltd  
Aitken Spence Shipping Ltd  
APL Logistics Lanka Freight Forwarding (Pvt) Ltd  
APS Logistics International (Pvt) Ltd  
Aramex Freight Corporation (Pvt) Ltd  
ASB Freight (Pvt) Ltd  
Asia Pacific Logistics International (Pvt) Ltd

## B

Benchmark Logistics International (Pvt) Ltd  
Bollere Logistics Lanka (Pvt) Ltd

## C

C G Logistics Lanka (Pvt) Ltd  
C. H Robinson Freight Services (Pvt) Ltd  
C.L. Synergy (Pvt) Ltd  
Care Logistics (Pvt) Ltd  
Cargo Boat Co. Ltd  
Cargo Partner Logistics (Pvt) Ltd  
Cargoplan International (Pvt) Ltd  
Cargoserv Shipping Ltd  
Clarion Logistics (Pvt) Ltd  
Crown City Developers (Pvt) Ltd  
CWT Globelink Colombo (Pvt) Ltd

## D

D.B.S Logistics Limited  
Dart Global Logistics (Pvt) Ltd  
Dellogistics (Pvt) Ltd  
Dellogistics International (Pvt) Ltd  
DHL Global Forwarding Lanka (Pvt) Ltd  
Dinlanka Logistics (Pvt) Ltd  
DLR SCS Lanka (Pvt) Ltd  
DP Logistics (Pvt) Ltd  
DRH Logistics Lanka (Pvt) Ltd  
DSV Pership (Pvt) Ltd

## **E**

Eagle Logistics Colombo (Pvt) Ltd  
EMG Spedition (Pvt) Ltd  
Euro Asia Freight (Pvt) Ltd  
Eurotrans Express (Pvt) Ltd  
Expelogix (Pvt) Ltd  
Expolanka Freight (Pvt) Ltd

## **F**

Famous Pacific Shipping Lanka (Pvt) Ltd  
Fast Transit Logistics (Pvt) Ltd  
Fits Express (Pvt) Ltd  
Foreway Logistics (Pvt) Ltd  
Forwardair (Pvt) Ltd  
Freight Line International (Pvt) Ltd  
Freight Links International (Pte) Ltd  
Freight Masters International (Pvt) Ltd  
Freight Systems Lanka (Pvt) Ltd  
Freightplan (Pvt) Ltd  
Frontier Freight Lanka (Pvt) Ltd

## **G**

GAC Logistics Ltd  
Globactive Logistics (Pvt) Ltd  
Global Freight Management (Pvt) Ltd  
GTG Global Logistics (Pvt) Ltd

## **H**

Harrisons Shipping (Pvt) Ltd  
Hellman Worldwide Logistics (Pvt) Ltd  
HTL Logistics (Pvt) Ltd

## **I**

Interfresh Logistics (Pvt) Ltd

## **J**

JCILO Logistics (Pvt) Ltd

## **K**

Kerry Malship Logistics Lanka (Pvt) Ltd  
Kingslog Supply Solutions (Pvt) Ltd  
Kuehne + Nagel (Pvt) Ltd

## **L**

Laksiri International Freight Forwarders (Pvt) Ltd  
Lanka Shipping & Logistics (Pvt) Ltd  
Lovikta Logistics (Pvt) Ltd

## **M**

MAC Supply Chain Solutions (Pvt) Ltd  
Mack International Freight (Pvt) Ltd  
Maersk Lanka (Pvt) Ltd  
Marine Transport Services (Pvt) Ltd  
McCallum Cargo (Pvt) Ltd  
MCS Logistics International (Pvt) Ltd  
Mega Trend Lanka (Pvt) Ltd  
Mercantile Freight Services (Pvt) Ltd  
Metro International Asia (Pte) Ltd  
MIT Cargo (Pvt) Ltd  
Mountain Hawk (Pvt) Ltd  
MSA Shipping (Pvt) Ltd

## **N**

Network Cargo Services Ceylon (Pvt) Ltd

## **O**

Ocean HD Through Transport (Pvt) Ltd  
On Time Worldwide Logistics (Pvt) Ltd  
Orient Global Logistics (Pvt) Ltd

## **P**

Pership Synergy (Pvt) Ltd  
Power Freight (Pvt) Ltd  
Presitige International Logistics (Pvt) Ltd

## **R**

R.P.C. Logistics Limited

## **S**

Salota International (Pvt) Ltd  
Scanwell Logistics Colombo (Pvt) Ltd  
Sea Shipping Colombo (Pvt) Ltd  
Sea Trade Services (Pvt) Ltd  
Sealink Shipping (Pvt) Ltd  
Setmil-United Cargo (Pvt) Ltd  
Shermans Logistics (Pvt) Ltd  
Shipping & Cargo Services (Pvt) Ltd  
Speedmark Consolidation Services Lanka (Pvt) Ltd  
Speedmark Transportation Lanka (Pvt) Ltd  
Sphere International Freight (Pvt) Ltd

## **T**

T L World (Pvt) Ltd  
TDL Logistics (Pvt) Ltd  
Toll Global Forwarding Lanka (Pvt) Ltd  
Trans Global Lanka (Pvt) Ltd

Transcargo (Pvt) Ltd  
Trans Global Lanka (Pvt) Limited  
Trico Customs Brokers (Pvt) Ltd

**U**

UCL Logistics (Pvt) Ltd  
Universal Freighters International (Pvt) Ltd  
US Shipping & Cargo Services (Pvt) Ltd

**V**

VVK Maritime Agencies (Pvt) Ltd

**W**

Wigynsa Global (Pvt) Ltd  
Wings Logistics (Pvt) Ltd  
World Express (Colombo) Ltd  
World Gate Freighters (Pvt) Ltd  
Worlink Shipping Colombo (Pvt) Ltd

**Y**

Yusen Logistics & Kusahara Lanka (Pvt) Ltd

20 Cube Logistics (Pvt) Ltd

## OVERVIEW OF THE ECONOMY

As per official data released by the Department of Census and Statistics (DCS), Sri Lanka's real GDP growth decelerated further during 2018 to 3.2 per cent, compared to 3.4 per cent in the previous year 2017.

During 2018, industry related activities experienced a slowdown, particularly with the decline in construction, and mining and quarrying activities. Construction activities, which accounted for 6.8 per cent of GDP, contracted by 2.1 per cent during 2018 compared to the expansion of 4.3 per cent recorded in the previous year. In tandem with the decline in construction activities, mining and quarrying activities also contracted during the year. Meanwhile, manufacturing activities, which accounted for 15.5 per cent of GDP, registered a modest growth of 3.0 per cent in 2018, supported by increased production of sectors such as food products, beverages, wearing apparel, rubber and plastic products, coke and refined petroleum products and textiles. However, production in the subsectors of paper and paper products, chemicals and chemical products, electrical equipment and furniture products contracted during the period under review. Meanwhile, electricity, water and waste treatment activities also contributed to economic growth with an expansion of 4.7 per cent during 2018.

Services related activities expanded by 4.7 per cent in 2018 compared to the growth of 3.6 per cent recorded in the previous year. The growth of the services sector was particularly supported by the expansion in financial services activities (11.8 per cent) during 2018. Meanwhile, wholesale and retail trade activities that accounted for 10.8 per cent of GDP, grew by 5.0 per cent while transportation activities, which accounted for a similar share, recorded an expansion of 2.8 per cent in 2018. In addition, other personal services and real estate activities grew by 4.8 per cent and 3.8 per cent, respectively, during the year. The marginal contraction of 0.6 per cent witnessed in public administration and defense activities dampened the growth in services activities to some extent in 2018.

Earnings from merchandise exports, which rebounded strongly in 2017 continued to grow in 2018. Accordingly, earnings from exports grew by 4.7 per cent to US dollars 11,890 million in 2018 from US dollars 11,360 million in 2017. The restoration of the European Union - Generalised System of Preferences Plus (EUGSP+) facility, conducive external trade policies together with strong institutional support and the flexible exchange rate policy maintained by the Central Bank buttressed the performance of export earnings. Earnings from industrial exports contributed to the expansion in export earnings in 2018, while earnings from agricultural and mineral exports declined. Industrial exports, which accounted for around 78 per cent of total exports, increased by 8.4 per cent, year-on-year, to US dollars 9,258 million in 2018.

The increase in export earnings from textiles and garments (5.7 per cent), petroleum products (43.2 per cent), food, beverages and tobacco (17.7 per cent), machinery and mechanical appliances (17.3 per cent) and rubber products (4.8 per cent) mainly contributed to the improved performance in industrial exports. However, earnings from seafood exports rose by 10.5 per cent with higher exports to the EU market. Meanwhile, earnings from mineral exports declined by 0.4 per cent, year-on-year, due to lower earnings from earths and stones, and precious metals.

The current account deficit widened significantly with increased trade and primary income account deficits, despite healthy flows to the services and secondary income accounts during 2018. The trade deficit expanded significantly during 2018 as import expenditure outpaced the growth of export earnings. This development, along with a higher deficit in the primary income account, led to the widening of the current account deficit. Improvements in earnings of services exports, mainly on account of higher earnings from tourism, as well as inflows of workers' remittances partially offset



the widened current account deficit. Tourist arrivals grew by 10.3 per cent during 2018, while earnings from tourism grew by 11.6 per cent to US dollars 4,381 million in 2018 in comparison to US dollars 3,925 million in 2017. Workers' remittances declined by 2.1 per cent to US dollars 7,015 million in 2018, following the decline of 1.1 per cent observed in the previous year. Consequently, the current account deficit is estimated to have widened to US dollars 2.8 billion in 2018.

While taking measures to strengthen the external sector resilience by attracting non-debt creating foreign exchange inflows, the medium term challenge of overcoming the bunching of foreign debt service payments must be met in order to prevent major disruptions to the macroeconomic balance. During the last decade, a major contributor to the country's external sector imbalances has been the mounting external debt and external debt service payments. With annual external debt repayment commitments of over US dollars 5 billion on average, Sri Lanka faces heightened refinancing risks. The situation is further exacerbated by the limited availability of concessional foreign financing, following Sri Lanka's transition to a middle income economy.

The recent weak performance of the Sri Lankan economy and the limited policy spaces highlight the challenges that the country is now facing due to delaying growth supportive, yet unpopular, structural reforms. Although successive governments have expressed their intention to reform the economy through a number of policy documents, the key stumbling block has been the implementation of such proposals effectively while ensuring policy consistency and coordination amongst all stakeholders, in a manner that would improve delivery of public services as well as strengthen 'Doing Business' conditions to support private sector led economic growth. However, the country can no longer afford to postpone such reforms, if Sri Lanka is to progress along a high and sustainable growth trajectory over the medium term and catch up with countries that were behind Sri Lanka several decades ago.

*(Source – Central Bank of Sri Lanka Annual Report)*

## **OVERVIEW OF THE INDUSTRY**

The civil aviation sector continued its positive growth momentum during 2018 largely supported by higher passenger movements and cargo handling activities. Reflecting increased tourist arrivals, passenger movements registered a growth of 9.9 per cent to 10.8 million, while cargo handling registered a marginal growth of 0.8 per cent to 268,496 metric tons in 2018, facilitated by the operation of thirty five international airlines. The total number of aircraft movements through the Bandaranaike International Airport (BIA) witnessed an increase of 9.7 per cent to 74,512 in 2018. Although closure of the BIA runway for renovation improved operations at the Mattala Rajapaksa International Airport (MRIA) in 2017, both passenger movements and cargo handling at the MRJA reverted to low levels during 2018. In terms of aircraft movements, the MRJA registered a significant decline of 50.0 per cent to 709 in 2018. Further, total passenger movements and cargo handling at the MRJA in 2018 was 2,258 and 179 metric tons, respectively, registering a decline of 86 per cent and 63 per cent, respectively, in comparison to the previous year. Meanwhile, domestic passenger movements facilitated by seven domestic airlines registered an increase of 24.9 per cent to 30,725 in 2018, in comparison to 24,597 in the previous year.

Construction work related to both domestic and international aviation development projects progressed during 2018. Construction work relating to a remote apron and taxiways under the second phase of the BIA project continued during the year, and by end 2018, progress was around 17 per cent. The second phase of the BIA project is expected to be completed by November 2019. The

government also gave priority to developing domestic airports including Ratmalana, Hingurakgoda and Palaly in order to enhance local aviation networks. Meanwhile, civil aviation activities at the Batticaloa Domestic Airport (BDA) recommenced in March 2018. By end 2018, the BDA handled 1,176 aircraft while facilitating 3,854 passenger movements and 47.8 metric tons of cargo handling. Further, the approval of the Cabinet of Ministers was granted for the Master Plan prepared by the Airport and Aviation Services Sri Lanka Limited (AASL) to develop the Ratmalana Airport to exploit business opportunities in civil aviation. Meanwhile, an Environmental Impact Assessment to establish a domestic airport in Bandarawela was in progress during 2018. The government continued to implement effective policy measures aimed at enhancing activities pertaining to the aviation industry in Sri Lanka. Accordingly, during 2018, the government took steps to formulate a civil aviation policy that would provide a strong legal framework for all activities of the aviation industry in the country.

Port sector activities continued to improve in 2018 supported by operations at all container terminals of the Colombo port as well as the improved performance of the Hambantota port. Accordingly, the Colombo port handled 7.0 million twenty-foot equivalent container units (TEUs) in the year 2018, which was a 13.5 per cent growth from the previous year. The performance of the Colombo port in terms of transshipment and cargo handling, recorded growth rates of 18.2 per cent and 12.5 per cent, respectively, in 2018 compared to the previous year. Container handling at the Colombo International Container Terminal (CICT) and South Asia Gateway Terminal (SAGT) increased by 12.0 per cent and 14.2 per cent, respectively, in 2018. Meanwhile, container handling at the Jaya Container Terminal (JCT) and Unity Container Terminal (UCT), which are fully owned by the Sri Lanka Ports Authority (SLPA), grew by 14.6 per cent during 2018. Accordingly, the CICT, SLPA and SAGT accounted for 38.0 per cent, 32.7 per cent and 29.3 per cent, respectively, of total container handling within the Colombo port during 2018. Meanwhile, transshipment container handling at the CICT, SLPA and SAGT increased by 15.4 per cent, 21.8 per cent and 17.6 per cent, respectively, in 2018. Total cargo handling at the SLPA managed JCT and UCT reported a growth of 12.8 per cent, while the privately managed SAGT and CICT terminals recorded a growth of 14.5 per cent and 11.5 per cent, respectively, during 2018.

Meanwhile, the port of Colombo has been ranked as the world's fastest growing port among the top 30 container ports in the world by Alphaliner Global Port rankings during 2018. The performance of the Hambantota port improved after the concession agreement with the China Merchants Port Holdings Company (CMPort) to develop and operate the port. During 2018, cargo discharging, cargo loading and cargo handling registered a significant growth of 121.1 per cent, 160.1 per cent and 131.6 per cent, respectively, compared to the previous year. Meanwhile, a growth of 115.9 per cent was recorded in total vehicle handling at the Hambantota port during 2018 compared to the previous year.

Development projects were carried out at the Colombo port as well as Galle, Kankesanthurai, Oluvil and Trincomalee ports to enhance port activities during 2018. The development of the East Container Terminal (ECT) continued under the Colombo South Port project during 2018. The SLPA developed 440 metres of the quay wall, adjacent yard area, and connected facilities of the ECT. A National Port Master Plan, which includes plans for the development of Colombo and Trincomalee ports, is being prepared with technical assistance from international consultants. Moreover, in order to accommodate the increasing demand for bulk cargo handling at the port of Trincomalee, it has been decided to expand the existing Ashraf Jetty by 50 metres and construct another 110 metre long quay wall at a depth of 14 metres in alignment with the existing jetty. In addition, the Danish International Development Agency carried out an engineering study to find a suitable solution for the prevailing siltation issue at the Oluvil harbour. Preliminary procedures related to the rehabilitation of the Kankesanthurai port were taken by the SLPA during 2018 and the construction work is expected to commence by end 2020. Further, the Request for Proposals (RFP) for the Yacht

Marina project at the port of Galle was issued during 2018 and the evaluation of RFPs was in progress. Financial profitability of the SLPA declined in 2018 amidst the increasing port activities. As per the unaudited provisional financial statement, the SLPA recorded a profit of Rs. 8.7 billion in 2018 before taxes, in comparison to the profit of Rs. 12.0 billion before taxes recorded in 2017. During 2018, the total revenue of the SLPA increased by 18.5 per cent to Rs. 50.1 billion, while operating expenditure increased by 7.4 per cent to Rs. 30.0 billion. In addition, foreign exchange losses of the SLPA increased considerably to Rs.11.3 billion during the year, compared to Rs. 2.2 billion in 2017.

The US remained the major export destination accounting for 25.9 per cent of Sri Lanka's exports, followed by the UK (8.2 per cent), India (6.5 per cent), Germany (5.2 per cent) and Italy (4.8 per cent). Meanwhile, the export volume index increased marginally by 0.5 per cent in 2018 while the export unit value index increased by 4.2 per cent, implying that, on a cumulative basis, the growth in exports was driven mainly by higher prices rather than volumes in 2018.

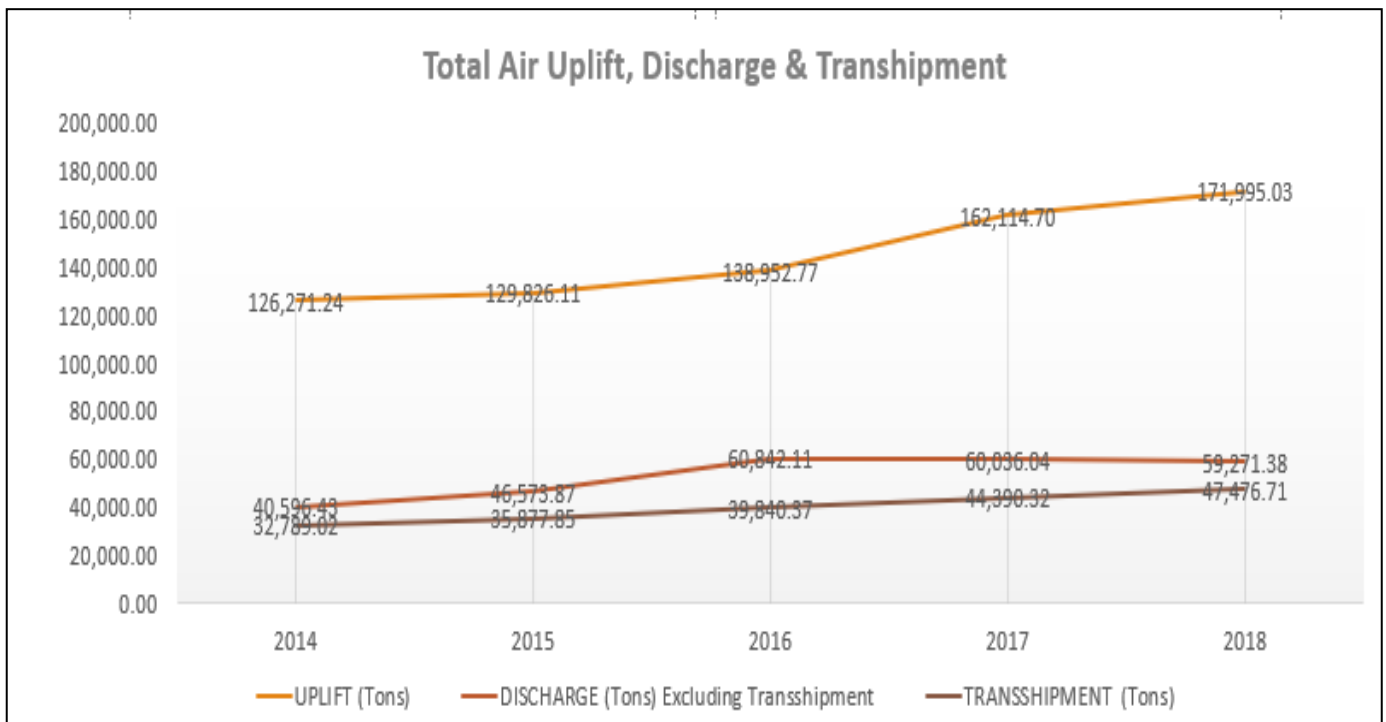
India continued to remain the largest source of imports registering its share at 19.0 per cent of total imports followed by China (18.5 per cent), United Arab Emirates (8.3 per cent), Japan (7.1 per cent) and Singapore (6.2 per cent). Meanwhile, the import volume index and the import unit value index increased by 1.8 per cent and 4.1 per cent, respectively, in 2018 indicating that the growth of imports was driven mainly by the price impact rather than the volume impact during the year.

*(Source – Central Bank of Sri Lanka Annual Report)*

# INDUSTRY STATISTICS

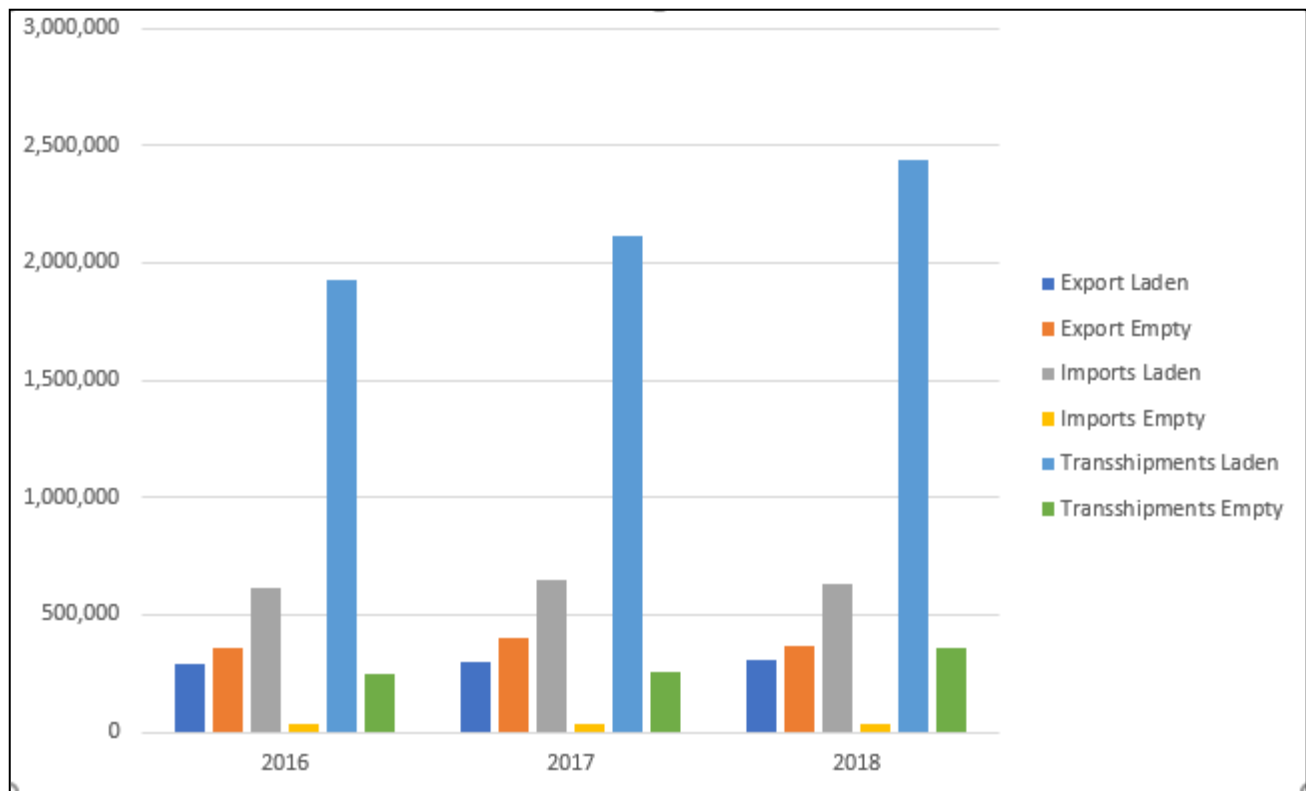
## Air Freight throughput (Exports, Imports & Transshipments) in Ton's

	<b>UPLIFT (Tons)</b>	<b>DISCHARGE (Tons) Excluding Transshipment</b>	<b>TRANSSHIPMENT (Tons)</b>	<b>TTL (Tons)</b>
2014	126,271.24	40,596.43	32,789.02	199,656.69
2015	129,826.11	46,573.87	35,877.85	212,277.83
2016	138,952.77	60,842.11	39,840.37	239,635.25
2017	162,114.70	60,036.04	44,390.32	266,541.06
2018	171,995.03	59,271.38	47,476.71	278,743.12



Airfreight volumes show a clear year on year growth in the past several years. In the year 2018, Air Exports and Transshipments had a growth compared to 2017. Air Imports had a slight drop of - 1.27% and in Transshipments shown 6.95% growth, while Air exports grew by 6.09% in the year 2018. Air Export and Transshipments achieved the highest volumes compared to last 5 years.

## Ocean Freight Exports, Imports & Transshipments in TEU's in Total 2018



As a whole, Ocean freight volumes shows a slight increase, mainly due to its Transshipment Laden volumes. A closer look at the 2018 numbers reveal a 3.04 % increase in laden import volumes and a 3.10% increase in Export laden Volumes compared to 2017. Further the transshipment laden Volumes drastically increased in 2018 compared to 2017. Also there has been growth in the transshipments in each quarter throughout the year 2018.

### ACTIVITIES OF THE ASSOCIATION

The Association continued to maintain active dialogue amongst its members and with all other stakeholders associated with the industry, as well as Government and statutory bodies, particularly in relation to maintaining professionalism and efficiency in the freight forwarding industry as a whole.

The Executive Committee commenced its activities following the 37<sup>th</sup> Annual General Meeting of the Association held on 6th July 2018, at the Hilton Colombo Residences. The Chief Guest for the occasion was Mr. Rajendra Theagarajah, Managing Director/CEO of Cargills Bank Limited and the Chairman of the Ceylon Chamber of Commerce.

In addition to its ongoing projects and activities, the Executive Committee focused more on sustaining the Association's position in matters concerning ocean freight and Customs, Air Cargo Village (ACV), air freight charges, E-Air Way Bill submission, port tariff, THC and DO charges, and conducted regular discussions with officials of the Sri Lanka Ports Authority (SLPA), Sri Lanka Customs (SLC), Airport & Aviation Services (SL) Ltd (AASL), Srilankan Cargo, Sri Lanka Export

Development Board (SLEDB) and the Directorate of Merchant Shipping of the Ministry of Ports & Aviation.

The Executive Committee was also involved in several initiatives undertaken at National level such as the Formulation of National Maritime Policy, National Export Strategy, National Trade Facilitation Forum and Entrepot Trade Facilitation, and coordinated with the Sri Lanka Customs on the Single Window Process and regularly updating the membership of all developments in these areas. In addition The Executive Committee engaged in discussions with The Ceylon Chamber of Commerce, Sri Lanka Shippers Council (SLSC) and Ceylon Association of Shipping Agents (CASA). Strengthening the self-regulatory regime introduced by the Association, regular training programs and seminars were conducted for the benefit and betterment of the members.

SLFFA held its General Membership Meeting on the 28th of March 2019 at the Ceylon 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 views and suggestions regarding the factors which have a direct impact on our Industry.

As at the end of the financial period, SLFFA membership reached 118 members. The Executive Committee met on 11 occasions during the period under review to conduct its business. The activities of the Association were handled by the following sub-committees: (a) Airfreight and Air Cargo Village, (b) Ocean Freight, Port, Customs and BOI, (c) Other Industry Related Matters, (d) Membership Affairs and Grievances, (e) Finance & Debtors Database, (f) Publicity, Social Affairs, Website and Newsletter, (g) CSR Projects, (h) SLFFA Training and AITT, (i) Industry Statistics, and (j) matters relating to FIATA, FAPAA and SAFFA. Considering the importance of the Research and Development requirements in the industry the Association introduced a new subcommittee for R & D in 2018. Aforementioned sub-committees were headed by members of the Executive Committee and they obtained the support of other additional committee members who have voluntarily joined the activities of the sub-committees.

## **AIR FREIGHT & AIR CARGO VILLAGE (ACV)**

**Overall Air Cargo Operations at BIA** - SLFFA held meetings with Airport & Aviation Services Ltd (AASL) and Sri Lankan Cargo and discussed matters to find solutions pertaining to development of infrastructure for impending cargo volume increase, issues with security checks of export air cargo, issuing of entry passes at ACV, improving overall condition of warehouses/ facilities at ACV, high warehouse rental charges and labor issues. SLFFA emphasized to AASL that a study should be carried out of the facilities and infrastructure available at top regional airports, to formulate our airport development plans required to achieve Hub status. The immediate requirement of a Master Plan for development was highlighted and to focus on rail connectivity as well for movement of cargo, along with infrastructure required for the impending increase in cargo volumes, to make it a viable and cost effective option, as in many other countries.

**Air Cargo Village (ACV)** - In order to minimize pilferage at the ACV, the installation of CCTV cameras was completed in Terminals 1 and 3 to cover the common areas of users. SLFFA also has been actively involved in addressing the current issues at ACV with AASL such as, easing the entry process, minimizing delay and damage to cargo during security checks, reducing pilferage, improving toilet and other facilities, finding solutions for bird infestation, etc.

**Ground Handling** – SLFFA had discussions with Srilankan Cargo on matters with regard to security screening charges, cargo build up, expediting progress in the EAWB initiative & expanding cargo capacity. Discussions are continuing to seek practical solutions.

**E-Air Way Bill Initiative** – SLFFA discussed with Srilankan Cargo on the very slow progress achieved with regard to this initiative launched several years ago. SLFFA has proposed to Civil

Aviation Authority of Sri Lanka(CAASL) to drive this initiative to move forward for the benefit of the air cargo industry and to be on par with other regional airports.

**Sea to Air Transshipment cargo** – SLFFA discussed with Customs to simplify the Sea to Air Transshipment cargo documentation process and as a result Customs has implemented a simplified process. SLFFA will continue to monitor the process in order to make further recommendations to Customs.

**Air to Air Transshipment cargo** – SLFFA also took the initiative to propose a simplified process and address other issues related to Air to Air Transshipment cargo such as reducing Customs duty. The discussions are continuing with Srilankan Cargo and Customs in this regard.

**E-CDN** – An electronic version of CDN submission was introduced recently and it is in the testing phase at the moment. This system would make Freight Forwarders' role easier because it will eliminate delay and reduce the workload, since the records can be updated directly online when canceling the Custom entry. It will also eliminate multiple CDN submissions for part shipments and reduce the hassle.

## **PORT, CUSTOMS & OCEAN FREIGHT**

During the period under review SLFFA representatives met with the officials of Sri Lanka Customs (SLC), Sri Lanka Ports Authority (SLPA) and Ceylon Association of Shipping Agents (CASA) on numerous occasions to address industry related issues.

**SLPA Tariff Increase** - SLFFA was actively involved in voicing concerns against SLPA on sudden tariff increase & clearance process introduced. The Association took the initiative with other stake holders to write to the Line Ministry directly and SLFFA was also actively involved in the special Tariff Consultative Committee appointed by the Ministry of Ports and Shipping. Together with all stakeholders, SLFFA studied the implications of the intended tariff increase and made necessary proposals in this regard to the Ministry of Ports & Shipping and SLPA.

**DO Fees, Miscellaneous Charges, Container Deposits** – Meetings were held with CASA as well as Director Merchant Shipping (DMS) and discussed issues pertaining to high DO Fees, washing and other miscellaneous charges, container deposits and other related matters. Discussions are continuing with all stake holders to find practical and suitable solutions to these issues.

## **OTHER INDUSTRY RELATED MATTERS**

During the period under review, SLFFA constantly initiated proactive action to address the following industry related matters;

**Corporate Tax Revision** – SLFFA acted swiftly to lobby with the Ministry of Finance when the Government introduced the new Inland Revenue Bill to categorize freight and logistics under the 14% tax threshold, which was previously listed under the 28% category. SLFFA sought advice from the Ministry of Finance on the taxation policy as per the new Inland Revenue Act which paved the way for this major achievement.

**Survey on Market Sizing** - SLFFA carried out a survey among the membership in “Market sizing” to quantify the contribution of the industry to the national economy at various forums attended by the Executive Committee. The survey was necessary to gauge the strength of the industry revenue in terms of volume and other information, in order to showcase the Association's contribution to the

progress of the country, in figures when attending forums and meetings with Government Ministries, Customs, AASL, SLPA and various other national bodies.

**National Export Strategy** – SLFFA participated in several discussions and was appointed as a member of the Advisory Committee on Logistics which was initiated by the Export Development Board (EDB). SLFFA leads the subcommittee with the theme, “To promote the image of Sri Lanka as a logistics hub in the region”

**National Trade Facilitation Forum** – SLFFA actively participated in the implementation of the National Trade Facilitation Agreement (NTFA) with the participation of the World Trade Organization (WTO). Based on the initial suggestions provided by the stake holders, they were evaluated and prioritized. Most of the border agencies were presented as a common platform.

**National Maritime Policy** – SLFFA was represented in the Logistics sub-committee from 2017 onwards and a final draft was prepared in 2018, which has been submitted to the Ministry of Ports & Shipping and thereafter it will be submitted for Cabinet approval.

**National Single Window** – SLFFA was actively involved in the discussions conducted by National Trade Facilitation Committee (NTFC) Chaired by the Director General of Customs and have submitted our recommendations. The blueprint of the process was completed in 2018 and is now in the implementation stage.

**Entrepot Trade Facilitation** – SLFFA has been involved in discussions of the Advisory Committee Chaired by the EDB from 2017 onwards to promote Entrepot trade and ease the process further. The final document has been sent to the Ministry of Development Strategy International Trade for approval. Several past Chairmen of SLFFA too were actively involved in these discussions.

**Logistics Performance Index(LPI)** – SLFFA discussed with World Bank, Sri Lanka Office with reference to the LPI criteria and are working with them to improve countries ranking in the Index. According to the LPI published 2018, SLFFA emphasized that Sri Lanka deserves a higher ranking in the index, in comparison with certain countries in the region being ranked higher. SLFFA pointed out that it may be due to lack of proper data/information, that Sri Lanka is being ranked low in the Index. SLFFA have also had few meetings with other stakeholders who are directly and indirectly connected to this issue and will continue to lobby with Word Bank Office to improve Sri Lanka's position in the Index.

## **TRAINING & EDUCATION PROGRAMS**

The Association has always been mindful of the developments taking place in the international freight forwarding arena and continue to keep the local freight forwarding industry abreast with the rest of the world. The Association is working towards raising standards within the industry and making the industry a dynamic and more professional trade sector. Thus, the Association has placed great emphasis on human resource development within the industry through local and international training programs.

For the 19<sup>th</sup> consecutive year, SLFFA conducted its annual Dangerous Goods Regulations(DGR) training program for the staff of member companies. A Refresher course was conducted in November 2018 with a total of 24 students in attendance. An Initial course was conducted in November 2018 and 22 participants completed the course. In March 2019, another Refresher course was conducted in order to revalidate the certificates of the students and 25 participants attended from member companies. Therefore, we are pleased to record a total of 70 DGR course participants completed training during the year under review.

The DGR program was once again conducted by SLFFA's own in-house trainer, Mr. Janaka Sumithrarachchi, who received his initial and subsequent training directly from IATA Singapore. The



response from the membership for the DGR training programs has been very positive and encouraging.

## **ACADEMY OF INTERNATIONAL TRADE & TRANSPORT (AITT)**

The Sri Lanka Logistics & Freight Forwarders' Association (SLFFA) in collaboration with its exclusive tuition provider Achievers Lanka Business School had yet another successful year for the conduct of the renowned logistics programs.

The year 2018 took off with the commencement of new intakes for the Foundation Course in Multimodal Transport & Logistics and the Certificate Course in Logistic Services, Freight Forwarding and Multimodal Transport drawing in participants from the industry as well as school leavers.

The year saw the passing out of 39 candidates who successfully completed the Foundation Course, and Certificate Course 77 Students, total of 116 Students.

49 candidates who received their final certification from the world body, FIATA based in Switzerland for successful completion of the FIATA Diploma in Freight Forwarding. These Diploma holders were also awarded the FIATA Air Cargo Certificate.

*(Source – AITT/Achievers)*

## **LIAISON WITH OTHER ORGANIZATIONS**

The Sri Lanka Logistics & Freight Forwarders' Association continued to work in close co-operation with international agencies, governmental and private sector organizations, and other concerned organizations. The Association continued its cordial relations with the Department of Civil Aviation, the Department of Inland Revenue, the Department of Exchange Control, Airport and Aviation Services Ltd, the Sri Lanka Ports Authority, Merchant Shipping Division of Ministry of Shipping, Export Development Board, Sri Lanka Shippers' Council, the Ceylon Chamber of Commerce in which SLFFA is represented in the Committee, the Board of Airline Representatives, Sri Lanka Air Cargo Association the Sri Lanka Customs.

The Association received the fullest co-operation and support from these organizations and wishes to place on record, its deep appreciation for the co-operation extended.

## **CO-OPERATION WITH REGIONAL BODIES**

SLFFA, as the apex body representing the industry is a member of the regional freight forwarding body, the Federation of Asia Pacific Air cargo Associations (FAPAA), and the international freight forwarding body, the International Federation of Freight Forwarders Associations (FIATA).

The Association continued to issue the FIATA Multi-modal Transport Bill of Lading to members who have obtained FIATA membership. In addition the Association received the support and co-operation of FAPAA & FIATA on various issues as well as advice and information on developments in the forwarding industry. During the period under review, SLFFA attended the FIATA World

Congress held in September 2018 in India, FAPAA ECM / AGM in Thailand in August 2018 and South Asia Maritime & Logistics Forum in October in Bangladesh.

## SLFFA WEB SITE ([www.slffa.com](http://www.slffa.com))

The new website ([www.slffa.com](http://www.slffa.com)) with its new look and upgraded system is a great location to obtain information of the Association and its activities. The home page is a gateway for updating members on the latest activities in the industry and the Association with easy and speedy access.

In order to keep the membership up to date, all SLFFA activities are posted in the website. Important information such as obtaining SLFFA membership, Circulars, Industry Statistics and News Letters are also made available in the site.

## SOCIAL ACTIVITIES

**The SLFFA Ball 2018** – The much awaited, much anticipated SLFFA Ball 2018 was held in grand style on 9<sup>th</sup> November 2018, at the Hilton Colombo Grand Ballroom. It was a sold out event and SLFFA wishes to thank all members for their continued support in all SLFFA events. The main sponsor for the event was Expolanka Freight (Pvt) Ltd, while the Co-sponsors were Hayleys Advantis and SLFFA Cargo Services Ltd.

South Asia Gateway Terminals (SAGT) was the Strategic Partner of the event and other primary contributors under Platinum Sponsors were APS Logistics (Pvt) Ltd, Colombo International Container Terminal (CICT), CL Synergy Freight Partners, Emirates Sky Cargo, Euro Asia Cargo (Pvt) Ltd, Inter Air & Sea Logistics (Pvt) Ltd, McLaren's Holdings Limited, Pership Synergy, Sea Trade Services (Pvt) Ltd, Turkish Air lines, Vinflair Logistics (Pvt) Ltd, Freight Links International (Pvt) Ltd and Speedmark Transportation Lanka (Pvt) Ltd.

SLFFA also wishes to place on record its gratitude to all SLFFA members, Gold, Silver and Bronze Sponsors and all other contributors who assisted this event through their generous contributions and tremendous support. SLFFA has identified the importance of assisting the Lady Ridgeway Hospital, which is recognized as the largest children's hospital in South Asia. Therefore, from the funds collected from the SLFFA Dance held in November 2018, 1 Million rupees was allocated to be donated for the next CSR project at the Hospital.



**SLFFA Breakfast Meetings** – The Association conducted a series of “SLFFA Knowledge Sharing Events” for the emerging generation of Forwarders for their awareness in the ever changing global trends. The breakfast meeting for 2018 was held at the Hilton Residencies Hotel on 20<sup>th</sup> September, which provided an insight on the world market. The topic of the Meeting was “Controlling your own destiny with unmatched flexibility and adaptability”. It amply brought out the technologies that are reshaping global forwarding & 3PL operations conducted by Mr. David Houser, Senior Vice President of Highjump Warehouse Execution Group.

Another Breakfast Meeting was held on 22<sup>nd</sup> March 2019 at the Galadari Hotel and the meeting was conducted by Mr. Chamara Ranasinghe, Head of Cargo, Sri Lankan Airlines on the topic “The role of national carrier in the formation of a logistic hub in Sri Lanka”. Participants had networking opportunities with these industry professionals who provided an insight on their road to success and individual experiences.

## 2018



## 2019



## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Lady Ridgeway Hospital, established in 1895, is considered today as the largest specialized children's hospital in the world with more than 1,100 beds. In addition, it serves approximately 3000 outdoor patients daily. As we believe that the children are the future of a country, by lending a helping hand to this project will support to build a healthy society to serve the generations to come.

Continuing with its CSR initiatives, SLFFA allocated 1 Million rupees to be donated to the Lady Ridgeway Hospital for an identified project and the funds for this project were collected from the SLFFA Dance held in November 2018.

SLFFA collected funds for this project through sponsorships collected at its biennial Dinner Dance held in November 2018. The main sponsor was Expolanka Freight (Pvt) Ltd, while the Co-sponsors were Hayleys Advantis and SLFFA Cargo Services (Pvt) Ltd. South Asia Gateway Terminals (SAGT) was the Strategic Partner of the event and other primary contributors under Platinum Sponsors were APS Logistics (Pvt) Ltd, Colombo International Container Terminal (CICT), CL Synergy Freight Partners, Emirates Sky Cargo, Euro Asia Cargo (Pvt) Ltd, Inter Air & Sea Logistics (Pvt) Ltd, McLarens Holdings Limited, Pership Synergy, Sea Trade Services (Pvt) Ltd, Turkish Air lines, Vinflair Logistics (Pvt) Ltd, Freight Links International (Pvt) Ltd and Speedmark Transportation Lanka (Pvt) Ltd.

On previous occasions, SLFFA donated 31 operating theatre doors to the Lady Ridgeway Hospital costing Rs. 2.5 Million from funds allocated from SLFFA Dance 2012. A total of 10 high quality patient trolleys along with the mattresses costing Rs. 1.2 Million was donated to the Hospital from funds allocated from SLFFA Dance 2014. SLFFA donated cleaning equipment for operating theatres and wards and installed a CCTV camera system to the Hospital from funds allocated from the SLFFA Dance 2016 costing Rs.1.1 Million.

SLFFA also wishes to place on record its gratitude to all Sponsors, SLFFA members and all other contributors who assisted this project through their generous contributions and support.

## **SLFFA CARGO SERVICES LTD**

SLFFA Cargo Services Ltd(SLFFACS), a commercial venture initially established by 26 members of the Association, operates an import cargo terminal at the Bandaranaike International Airport. This is a unique operation managed by an independent management and Board.

SLFFACS stepped into the 24<sup>th</sup> year of operation at Bandaranaike International Airport. The performance has been satisfactory despite the fact that SLFFACS was subject to hostile pricing strategy adopted by main competitors which resulted in the loss of some of our major customers.

However SLFFACS can be happy about the fact that its operation has progressed to a level that was able to withstand the loss of a substantial portion of cargo volume and was able to stabilize its operations with the hard work put in by all staff.

The Gross Profit of the Company has decreased substantially by 29% from Rs. 194.61 million in the previous year to Rs. 137.88 million this year. The Net Profit of the company has decreased sharply by 44% from Rs. 83.02 million in the previous year to Rs. 46.92 million this year. The total turnover of the Company has decreased by 38% from Rs. 395.26 million in the previous year to Rs. 244.66 million this year. The chargeable weight of delivered Cargo has decreased from 16.33 million Kgs last year to 7.94 million Kgs this year. The total number of consignments has decreased by 41.14% to 28,333 this year. The income from Cool Room cargo during the year has increased by 1% to Rs. 12.90 million. The income from demurrage charges has decreased by 23% to Rs. 64.97 million compared with the previous year. SLFFACS still have the capacity to accommodate more Cool Room cargo and in this regard we have made efforts to draw in more volumes by installing a freezer container too to store cargo at sub-zero temperatures.

A substantial part of cargo handled has been general cargo followed by fabrics and accessories for the garment industry. Our shareholders have transferred 48% of their cargo to SLFFACS while members of Sri Lanka Logistics and Freight Forwarders Association (SLFFA) brought in 44% as well as 8% from non SLFFA members. This indicates a drop in proportions of the cargo transferred in the previous year. Going forward, SLFFACS will need the continued support on the part of shareholders, who own the company to transfer all their consolidated cargo to SLFFACS, and look forward to increased patronage from members of SLFFA, particularly as feedback from customers is that SLFFACS provides an efficient and fast service. To facilitate this SLFFACS has drastically reduced tariff to compete effectively with Sri Lankan Cargo.

The Administration and Establishment cost have decreased from Rs. 111.18 million in the previous year to Rs. 104.55 million this year. This is mainly due to the management instituting cost reduction all round. As a result, the wages, has seen a sharp decrease of 19% and this year it represents 12.65% of administrative expenses. Due to the reduction of staff levels, SLFFACS has focused on further increasing the efficiency of our staff through training and career development initiatives.

An interim dividend of 100% gross amounting to Rs. 9 million was declared and paid. The Board of Directors also approved a final dividend payment of Rs. 24 million subject to WHT.

The company has succeeded in maintaining maximum efficiency levels in spite of reducing the cadre. The staff turnaround for the year has decreased to 30% compared with 46% in the previous year. The turnaround was particularly from outsourced staff of cargo assistants and loader categories. In order to reduce the turnaround of staff, SLFFACS has taken measures to improve HR practices, regular on-the job training and staff promotions based on merit, loyalty and efficiency.

Efforts have continued to enable e-Manifesting facilities to be made available and to automate clearance of cargo from Terminal 2 itself. SLFFACS has provided Customs at Terminal 2 with the required hardware & VPN facilities as a first step towards this goal.

Despite the 2016 budget proposal to liberalize the handling of import groupage consolidated sea cargo including transshipment as well as multi-country consolidation cargo within and outside the port, unfortunately the required regulations to give effect to same has been delayed. Furthermore, the

Board of Directors are in earnest discussion with prospective partners to operate a fully-fledged Cargo Handling Terminal (CHT). This facility is expected to enhance the throughput of inbound and outbound logistics of ocean cargo in Sri Lanka. Whilst accruing many benefits to the importers and exporters in the country, it is expected to enhance significantly, the international competitiveness of local exports and enhance our country's position as a regional distribution and logistics hub.

Significant progress was made with its partner CCN Singapore with regard to offering Cargo Community Systems (CCS) services to the cargo community in Sri Lanka . Currently, this industry initiative spear-headed by SLFFA and Sri Lankan Cargo has progressed with over 15 leading Freight Forwarders and 5 leading Airlines successfully executing E-AWBs. IATA has also shown keen interest in guiding the industry with the participation of the Regional Head at progress meetings. However, a determined effort is required by the industry to move towards automation in a paperless environment whilst CCN is the only service provider currently in the market offering its reliable services through SLFFACS.

*(Source – SLFFA CS Annual Report & Accounts 2017-2018)*

## **SECRETARIAT**

The SLFFA Secretariat continues to function from its location at the office of SLFFA Cargo Services Ltd at No. 37D, Torrington Avenue, Colombo 07. The Association wishes to place on record its appreciation to SLFFA Cargo Services Ltd for allocating space at their premises to accommodate the SLFFA Secretariat.

## **ACCOUNTS**

M/s. BDO Partners audited the accounts of the Association during the period under review. The audited accounts for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 are annexed to this report.

### **BY ORDER OF THE COMMITTEE**

**Sgd.**  
**MANJULA MALDENIYA**  
**MANAGER**

**SRI LANKA LOGISTICS & FREIGHT FORWARDERS'  
ASSOCIATION**

**FINANCIAL STATEMENT FOR THE  
YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

