



**SRI LANKA
SHIPPERS' COUNCIL**

ANNUAL REPORT

&

ACCOUNTS

2009/2010

THE COUNCIL

Mr. Randolph Perera
Chairman

Mr. Gehan Kuruppu
Vice Chairman

HONARARY MEMBERS

Mr. S.S. Jayawickrama

OBSERVER

The International Chamber of Commerce

SECRETARY GENERAL

Mr. Harin Malwatte

SECRETARIAT

The Ceylon Chamber of Commerce
50, Nawam Mawatha
Colombo 02

Telephone: 2421745
Fax: 2449352

Email: slsc@chamber.lk / irangika@chamber.lk
Web: www.slsc.ws

MEMBERSHIP – 2009/2010

TRADE ASSOCIATIONS

The Ceylon Chamber of Commerce

Mr. Ruwan Senanayake
(Representative)

Mr. Russel Jurianz
(Alternate)

*The Ceylon Chamber of Commerce
Import Section*

Mr. Adrian Oswald
(Representative)

Mr. Dinesh de Silva
(Alternate)

*The National Chamber of Commerce
of Sri Lanka*

Mr. Gihan Kuruppu
(Representative)

Mr. Nalin Jayasinghe
(Alternate)

Mr. Tissa Ruberu
(Alternate)

Exporters' Association of Sri Lanka

Mr. Lasantha Wickramasekara
(Representative) upto Nov 2009

Mr. Mohan Mendis
(Representative) Nov 2009 onwards

Mr. Rohan Daluwatte
(Alternate)

*The National Chamber of Exporters'
of Sri Lanka*

Mr. Rasa Weerasingham
(Representative)

Ms. Diruni Chanmugam
(Alternate)

The Colombo Tea Traders' Association

Mr. Chandra Corea
(Representative)

The Colombo Rubber Traders' Association

Mr. M.F. Jiffry
(Representative)

Mr. Indika De Soyza
(Alternate)

The Ceylon Coir Fibre Exporters' Association

Mr. Randolph Perera
(Representative)

The Sri Lanka Freight Forwarders' Association

Mr. N. Ramanathan
(Alternate)

Mr. Tony De Livera
(Representative)

Mr. Niral Kadawatharatchie
(Alternate)

The Sri Lanka Apparel Exporters' Association

Mr. Ajith Jayasekara
(Representative)

Mr. K. Ravindran
(Alternate)

Sri Lanka Fruits & Vegetable Producers, Processors & Exporters' Association

Mr. **Zuresh** Hashim
(Representative)

Mr. I. G. Mohamed
(Alternate)

Sri Lanka Association of Air Express Companies

Mr. Sanjay Wijewardene
(Representative)

Sri Lanka Logistics Providers' Association

Mr. Nuwan Samaranayake
(Representative)

Mr. Andre Fernando
(Alternate)

Mr. Harith Jayasuriya
(Alternate)

Sri Lanka Coir & Allied Products Manufacturers Association
(Membership upto October 2009 only)

Mr. Lakshman Tillekeratne
(Representative)

Mr. Shalinda Perera
(Alternate)

Seethawaka Industrial Park Manufacturers' Association
(Membership upto October 2009 only)

Mr. Malik Ahamadeen
(Representative)

Mr. Kumar Indurangala
(Alternate Representative)

Joint Apparel Association Forum

Mr. Sean Van Dort
(Representative)

Tea Exporters' Association

Mr. Linton Santiago
(Representative)

The Sri Lanka Shippers' Council AGM 2008/2009



Standing from Left to right

Mr. Sanjay Wijeywardena (Sri Lanka Association of Air Express Companies), Mr. Niral Kadawatharatchie (Sri Lanka Freight Forwarders' Association), Mr. Rasa Weerasingham (National Chamber of Exporters of Sri Lanka), Mr. Rohan Daluwatte (Exporters' Association of Sri Lanka), Mr. Chandra Corea (The Colombo Tea Traders Association), Mr. Ajith Jayasekera (Sri Lanka Apparel Exporters Association), Mr. Dinesh de Silva (The Ceylon Chamber of Commerce – Import Section), Mr. Adrian Oswald (The Ceylon Chamber of Commerce – Import Section), Mr. M.F. Jiffry (The Colombo Rubber Traders Association), Mr. Ruwan Senanayake (The Ceylon Chamber of Commerce)

Seated from Left to Right

Mr. Ravindra Ratnapala (Past Chairman-SLSC), Mr. Rohan Masakorala (Secretary General, ASC / Past Chairman-SLSC), Mr. Rohan De. S. Wijeratne (Past Chairman-SLSC), Mr. Randolph Perera (Chairman SLSC), Mr. Gihan Kuruppu (Vice Chairman SLSC), Ms. Irangika Siriwardena (Manager, CCC/ SLSC Secretariat), Mr. Noel Priyatilleke (Past Chairman-SLSC), Mr. Jayanath Perera (Past Chairman-SLSC)

INDIVIDUAL MEMBERS

Agility Logistics (Pvt) Ltd

*Canro Exporters
City Cycle Industries
Cross Ocean Logistics (Pvt) Ltd
Ceylon Tea Marketing (Pvt) Ltd
Care Logistics (Pvt) Ltd*

Excel Global Holdings (Pvt) Ltd

*Fascination Exports (Pvt) Ltd
Freight Links International (Pte) Ltd
Finlays Colombo PLC*

*Hayleys Ltd
Hela Clothing (Pvt) Ltd*

Imperial Teas (Pvt) Ltd

JAL Shipping & Logistics (Pvt) Ltd

*MAC Supply Chain Solutions (Pvt) Ltd
Mabroc Teas (Pvt) Ltd*

Neil Fernando & Co. (Pvt) Ltd

Orient Garments Ltd

Riston Teas (Pvt) Ltd

*Standard Trading Co. (Pvt) Ltd (only upto Feb 2010)
Shermans Logistics (Pvt) Ltd*

Tea Tang Ltd

Van Rees Ceylon Ltd

SRI LANKA SHIPPERS' COUNCIL

Sri Lanka is a nation depending heavily on shipping services. Historically Colombo has been recognized as the most important and strategic geographical point in the east-west maritime group, which was also named as "Silk Route"

The Sri Lanka Shippers' Council was established in March 1966 to protect and promote the interests of shippers. It was the first National Shippers' Council to be set up in Asia and was formed on a request made in 1965 by the local Committee of the Ceylon/Continental Conference, and a subsequent request made by the Director of Commerce in January 1966, to the Ceylon Chamber of Commerce. The Sri Lanka Shippers' Council is the apex body that represents the interest of shippers.

Membership of the Council consists of Chambers of Commerce and Trade Associations, and fifteen such organisations are currently members of the Council and the Council represents more than 95% of the import/export trade. The Council derives its broad based representation and membership from these trade Associations. The Council has now opened its doors to individual companies as Associate Members so that companies in the import/export trade could have access to the Council's resources and expertise to resolve their shipping related problems.

The Sri Lanka Shippers' Council is headed by an elected Chairman and assisted by ~~2~~ two Vice-Chairmen who are also elected by the constituent members.

The Ceylon Chamber of Commerce provides secretarial services to the Council and also acts as the Secretariat.

The Council actively promotes the Sri Lankan Government's vision of making the Colombo Port a competitive Maritime & Logistics Center in the Asian region, which would result in the generation of enhanced economic activity, employment and wealth. As such all Council activities have been planned and prepared to support this vision.

The Sri Lanka Shippers' Council is a founder member of the Association of Shippers' Councils of Bangladesh, India, Pakistan and Sri Lanka (ASCOBIPS), founded in 1981 and the Asian Shippers' Council, founded in 2004.

OUR VISION

“To enhance the competitiveness of our members by abolishing hidden logistics costs.”

OUR MISSION

We facilitate our customers to be more competitive in their Business Logistics; performance and cost, by the following;

- 1. Being the APEX Body, protect the interest of our customers and being a strong Advocate to the Government.*
- 2. Ensuring cost effective strategies are developed and implemented in the logistics and value chain to make our members more competitive.*
- 3. Facilitating greater efficiencies in logistics by reducing logistics barriers and simplifying trade.*
- 4. Acting as the mediator in resolving conflicts amongst our customers (members).*
- 5. Facilitating a level playing field by developing and promoting a code of conduct / ethics for our customers (members).*
- 6. Establishing a centre for excellence for information sharing and to upgrade competencies of members to compete globally.*
- 7. Leveraging regional and global partnerships and facilitating global best practices in logistics in Sri Lanka.*

It is the Council's firm belief that in order to be competitive with the international market Sri Lankan shippers should;

- a) Not have any ambiguity in freight rates;
- b) Have freight and associated costs stabled, particularly for traditional exports such as tea, rubber, coconut products, which account for at least 70% of total export volume out of Sri Lanka. A major part of the turn over of these exports in foreign exchange is retained in the country and it is vital to protect these industries from international competition. Furthermore, these commodities are with relatively low margins and usually with forward trading patterns cannot absorb constant and continuous cost escalations.
- c) Concurrently are the major exports such as garments are usually traded on FOB terms and the local manufacturers are constantly under pressure to provide low priced services, thus are unable to absorb any additional charges keeping in mind that almost all material for these industries are being imported. Therefore the constant increases in charges could seriously affect such industries as they are called upon to pay these charges both at the point of import of raw materials and export of finished products.
- d) Have reasonable Service providers who would not take undue advantage from their captive customers.

OVERVIEW OF THE ECONOMY

Economic Growth

In 2009, all major sectors of the economy contributed positively to economic growth. The Agriculture sector recorded a low growth of 3.2 per cent compared to a high growth of 7.5 per cent in 2008, mainly owing to the contraction in the output of tea and paddy. However, within the Agriculture sector, the fisheries sub-sector performed well recording a 6.9 per cent growth driven by increased coastal fishing with the relaxation of security restrictions. The Industry sector slowed down registering a growth rate of 4.2 per cent compared to a growth of 5.9 per cent in 2008. All sub-sectors of the Industry sector, except for electricity, gas and water, recorded low growth rates compared to the previous year, largely as a result of the drop in demand in both international and domestic markets. The Services sector grew by 3.3 per cent in 2009 contributing 55 per cent to the overall economic growth. The wholesale and retail trade sub-sector, which is the largest contributor to the Services sector, registered a sluggish performance, mainly reflecting the contraction in import and export trade. The transport and communication sub-sector also slowed down considerably due to the low growth in telecommunication services and cargo handling. The slowdown in domestic economic activity resulted in a marginal increase in the unemployment rate (excluding the Northern Province), to 5.8 per cent in 2009 from 5.4 per cent in 2008.

Services Sector

The growth in the Services sector decelerated to 3.3 per cent in 2009 from 5.6 per cent in 2008, mainly due to the poor performance in the wholesale and retail trade sub-sector. Other sectors excluding hotels and restaurants, government services and ownership of dwellings also recorded slower growth compared to the previous year. The set-back in both the export and import sub-sectors stemming from the global economic downturn, resulted in a contraction in wholesale and retail trading activities. However, the domestic trade sub-sector performed well due to robust demand for domestically produced goods along with the increase in economic activities in the Northern and the Eastern provinces. The hotels and restaurants sub-sector showed a strong recovery compared to the set-back in 2008, due to the end of conflict and expansion in both local and foreign tourist activities. The transport and communication services grew, though at a slower pace, compared to the previous year. Meanwhile, the banking, insurance and real estate sub-sector grew moderately due to the slowdown in domestic economic activity.

Port Services

The performance of the port services in 2009 was adversely affected by the drop in world trade due to the global economic crises. In 2009, majority of the top world ports recorded double digit drop in volumes. The cargo handling at the port of Colombo decreased by 3.3 per cent. Total container handling throughput decreased by 6 per cent to 3.5 million TEU's in 2009. Transshipment handling also decreased by 5.5 per cent. The total number of vessels arriving at the port of Colombo recorded a decline of 7.4 per cent compared to the previous year. As a result of the global economic recession, the operating profit of SLPA decreased by 30.9 per cent to Rs. 2 billion in 2009. The revenue of the SLPA decreased by 7.2 per cent to Rs. 23 billion, while the operating expenditure decreased by 4.1 per cent to Rs. 21 billion in 2009. Nevertheless, the SLPA has incurred Rs. 9.3 billion as capital expenditure for the development of port projects in 2009.

Though gross inflows on account of freight and port-related activities suffered a setback during the first half due to the global economic downturn, this sub-sector demonstrated a recovery in the second half of the year. The downfall in trade volumes in whole of Asia and the rest of the world resulted in Sri Lanka's port services recording a drop in volumes during the year. However, port-related activities including bunkering services improved following the end to the conflict, resulting in an increase in the number of ships calling at the Port of Colombo. Consequently, gross inflows on account of freight and port-related activities, which declined by 32.3 per cent in the first half of the year, improved to report a decline of 14.5 per cent in 2009.

Port-related activities are expected to make great strides in the medium-term with the construction of new ports and improvement of existing ports making the presence of Sri Lanka strong in the international maritime trade. Phase I of Hambantota Port, which is much closer to the international shipping lanes, is scheduled to be completed in 2011. It will generate more foreign inflows by facilitating bulk and general cargo carriers and would generate employment opportunities.

The anticipated de-listing from the "Listed Areas" maintained by the Society of Lloyd's of London¹, in connection with hull war, strikes, terrorism and related perils would also create a more conducive environment for foreign investments and maritime business while attracting more ships to Sri Lankan ports.

Development of port infrastructure has been given the highest priority in recent years. Several port developmental projects were in progress in 2009. The construction work of the Colombo South Harbour Project (CSHP) was in progress and 2.2 km of breakwater out of 6.8 km has already been completed. When all phases are completed, the port will have 4 terminals with the capacity to handle 10 million TEUs per annum. The operation of the first container terminal of CSHP is scheduled to commence in 2012.

The phase I of the Hambantota Port Development Project is scheduled to be completed by April 2011. The construction of the cofferdam and all other preliminary work has already been completed. The construction of breakwaters, general purpose berth, service berth and oil berth were at different stages of completion. Under the bunkering facility and tank farm project at Hambantota, 14 tanks for storing and blending of marine fuel, aviation fuel and Liquefied Petroleum Gas (LPG) are to be constructed with a total estimated cost of US dollars 77 million.

The construction work of Oluvil Port Development Project at a total estimated cost of euro 46 million was in progress and is scheduled to be completed by end 2010. Initial work has also been completed in respect of Galle Port Development Project.

Export Performance

In line with the global trends, export earnings declined by 12.7 per cent to US dollars 7,085 million in 2009 compared to that of 2008. All major sectors reflected declines in growth while the largest contribution to the decline in overall exports was from the industrial sector (83.1 per cent) followed by the agricultural sector (16.0 per cent)

Earnings from agricultural exports, which accounted for 23.9 per cent of total export earnings, declined by 8.9 per cent to US dollars 1,690 million in 2009. However, there was an improvement in the performance of agricultural exports during the last quarter, led by the high prices of tea, rubber and some minor agricultural commodities in the international markets. Tea exports accounted for 16.7 per cent of earnings in 2009 followed by minor agricultural products (3.4 per cent), coconut (2.4 per cent) and rubber (1.4 per cent).

Earnings from industrial exports declined by 13.8 per cent to US dollars 5,305 million in 2009 reflecting contractions in all sub-sectors owing mainly to lower global demand. However, the textile and garment exports, which accounted for 46.2 per cent of the total exports, emerged relatively unscathed. Other industrial exports, such as food, beverages and tobacco, rubber, diamonds and jewellery, and machinery and equipment, which together accounted for another 20.5 per cent of the total exports, contracted in 2009, despite some improvement shown towards the latter part of the year.

Earnings from textile and apparel exports, which is the main category of industrial exports, stood at US dollars 3,274 million in 2009, reflecting a decline of 5.6 per cent. These exports, which performed well during the first quarter of 2009, were affected by the global recession during the second quarter, as was expected by the industry. However, the export performance during the second half of the year was encouraging. Therefore, when the overall developments during the year are considered, Sri Lanka's textile and garment sector was the least affected of the industrial exports in 2009. The strength of the apparel industry lies in its entrepreneurial foresight and the willingness to adapt to the changing environment. Sri Lanka has world class manufacturing facilities and adopted ethical manufacturing practices, which have helped to earn an international reputation as a reliable supplier of high quality clothing. The major players in the industry introduced eco-friendly manufacturing mechanisms in response to global market developments.

Import Performance

Expenditure on imports in 2009 amounted to US dollars 10,207 million, reflecting a sharp decline of 27.6 per cent from that of the previous year, due to reductions in both volumes and prices. All major categories of imports i.e., consumer, intermediate and investment goods, declined. Sluggish growth in the major economies around the world led to lower international commodity prices, including oil prices, and the slowdown in the domestic economic activities resulted in a drastic drop in import volumes, leading to an overall decline in import expenditure. However, the relative share of consumer goods to total imports increased to 19.3 per cent in 2009, lowering the shares of intermediate and investment goods imports.

Expenditure on consumer goods imports declined by 23.0 per cent to US dollars 1,972 million in 2009. Expenditure on imports of both, food and consumer durables, declined largely on account of the lower import prices. The significant decline in wheat prices was the main contributor for the decline in expenditure on food imports.

Expenditure on imports of intermediate goods declined by 32.1 per cent to US dollars 5,669 million in 2009, mainly due to a decline in expenditure on petroleum product imports. The significant decline in petroleum prices in the international market led to the reduction in the petroleum import expenditure by 35.7 per cent to US dollars 2,167 million compared to that of the previous year.

Expenditure incurred on imports of investment goods declined by 19.6 per cent to US dollars 2,451 million, in 2009. This decline was largely reflected by lower imports of machinery and equipment as well as building materials.

Direction of Trade

The western countries, continued to be the major destinations for Sri Lankan exports in 2009 as well, while the Asian countries towered over the rest with respect to Sri Lanka's imports. While the USA and the UK remained the largest export destination countries, India, Singapore and China were the foremost import-originating countries in 2009. India, emerged as the largest trading partner country in 2009 by accounting for nearly 17.8 per cent of Sri Lanka's imports. The USA, the major export market for Sri Lanka, accounted for 22.2 per cent of exports, followed by the UK and Italy.

Textile and apparel were the main items exported to these markets. Among the European countries, in addition to the UK (14.4 per cent), Italy (6.2 per cent), Belgium- Luxembourg (5.1 per cent) and Germany (4.9 per cent) continued to be the main destinations in the export market. Nearly 16.9 per cent of the country's textile and apparel products were exported to Germany and Italy and almost 75.8 per cent of Sri Lanka's processed diamonds were exported to Belgium, one of the world's leading trading centres for diamonds.

Sri Lanka's exports to India increased dramatically following the implementation of the Indo-Sri Lanka Free Trade Agreement in 2000 and by 2009, it accounted for about 4.5 per cent of Sri Lanka's total exports. Russia and Iran, which accounted for nearly 15.1 per cent and 10.9 per cent of total tea exports, respectively, continued to be the major destinations for tea exports in 2009. Taken together, the Middle Eastern region featured high as the foremost export destination for Sri Lanka's tea. India continued to be the largest source of imports in 2009 and accounted for nearly 17.8 per cent of imports in 2009. The main imports from India included refined petroleum products, motorcycles and auto-trishaws.

Singapore and China followed as the second and third largest import source countries. Main imports from Singapore comprised of fertiliser and petroleum products while the major import from China was cotton. Iran and Hong Kong remained the fourth and fifth largest import source countries for Sri Lanka. Imports from Iran and Hong Kong comprised mainly of crude oil and fabrics.

(Source Central Bank Report 2009/10)

OFFICE BEARERS

At the Thirty Ninth Annual General Meeting held on 23rd July 2009, Mr. Randolph Perera and Mr. Gehan Kuruppu were re-elected Chairman and Vice Chairman of the Council respectively.

ACTIVITIES OF THE COUNCIL

The activities of the Council have been focused on issues faced by shippers on shipping and port related matters. The Council always performed a lead role in resolving problems and serve as the focal point where various shipping and port related matters are brought up and discussed. In addition, the Council actively advises the Government on matters relating to port and shipping whenever its advice is sought after.

The following ten (10) action committees were appointed for better co-ordination and guidance purposes, while a past chairman was nominated as an adviser for each committee;

- Freight Rates
- Matters of THC & other charges
- Customs/Sri Lanka Ports Authority/Maritime Rates
- EDI
- Airport Issues
- Education and Seminars
- Membership Drive, Fund Raising & Finances/Accounts
- SLSC Constitution
- ASC/ GSF / FASC
- SLSC Website

A detailed description of the activities of the Council appears elsewhere in this report. However, in this section for your easy reference we give below the main topics covered in the report.

- Terminal Handling Charges
- Freight Rates & Surcharges
- Electronic Data Interchange (EDI)
- War Risk Surcharge
- Sri Lanka Customs
- Federation of ASEAN Shippers' Councils (FASC)
- Global Shippers' Forum (GSF) & the Asian Shippers Council (ASC)
- Education and Seminars

TERMINAL HANDLING CHARGES (THC)

In September 2009, a letter was sent out by the Sri Lanka Shippers' Council to Mr. Ranjith de Silva, Secretary, Ministry of Ports & Aviation inquiring regarding the status and the outcome of the submissions made with regard to Permanent committee on THC and other charges, which afterwards, there were dialogues between the SLSC and Mr. Anura Jayawickrama who was the new Additional Secretary where it was agreed that many improvements need to be done in shipping matters. When inquired regarding the permanent committee matter, it was advised that he would look into the matter and the committee will be re-opened. The Chairman appointed Vice Chairman, Mr. Gehan Kuruppu to be included into the new committee once re-opened.

In March 2010 SLSC submitted a letter to the Additional Secretary with regard to various adhoc charges implemented by liner companies to which the Secretary called for a meeting on the 26th of March 2010. SLSC was disappointed to note that THC and other charges had been taken out of the agenda when Mr. Kuruppu attended this meeting. SLSC would be protesting in this regard as the committee had not responded to the proposals made by the SLSC.

FREIGHT RATES & SURCHARGES

The year under review saw freight rates fluctuating and there was an upward trend compared to the beginning of 2009 towards March 2010. Within the year, it was observed that some liner services were withdrawn due to the low volumes as a result of the global recession.

There were several GRI's introduced over the year, mainly in the US, Europe and Far East sector as most countries were increasing their volumes as they were coming out of the global recession. As a result an artificial demand was created and freight rates were increased during the latter part of the year. Throughout the year, the SLSC encouraged the council to act and use their power to negotiate rates and the market trend would follow as there was still an over capacity. It was also advised that the members always use the cheaper lines and plan early on them as these lines were running slow.

Towards end 2009, it was reported that crude oil had gone up and the bunkering costs were also increasing. The inbound rates from Far-East to Colombo had also increased even further towards end 2009. With this rate increase, some carriers were returning idle ships back into the market.

With regards to the Courier rates, during the year, there were not many fluctuations.

With the end of the war, the security surcharges were expected to drop in Colombo towards the latter part of 2009.

ELECTRONIC DATA INTERCHANGE (EDI)

Just as mentioned in the previous years, the much awaited, “Electronic Data Interchange” (EDI), which is a key area in trade and shipping, and which is essential to go par with the other developed countries, in order to keep up international standards, has failed to achieve its stipulated goals so far. But it is proved by all stakeholders that they have great expectations to benefit from the “Automated Cargo Clearance System”.

There have been many discussions with the concerned authorities, in different forums, and also seminars held time to time, to educate the stakeholders, in order to stress the importance. Yet, SLSC has observed that the progress has been very minimal. However, one of the most important stake holders, the Sri Lanka customs department had an introductory session on the globally accepted ASYCUDA World system which they hope to introduce to facilitate DTI to the user.

WAR RISK SURCHARGE

During the beginning of 2010, it was reported that with regards to the Loyd’s meeting held in London, which was in relation to de-listing Sri Lanka from the risk indicators, which was at the high category of 2.9, met with the joint cargo and joint war council and had a friendly discussion. It was mentioned that they will come to Sri Lanka in January or February for an audit which will cover all areas including the IDP’s. SLSC expects a positive outcome on the same towards end April 2010.

SRI LANKA CUSTOMS

The Council is pleased to announce that the dialogues with the Sri Lanka Customs continued, along with the other Association, during the year under review. Concerns of the Importers and Exporters with regard to various policy matters and operational issues were brought to the attention of the DG Customs during this period.

THE ASIAN SHIPPERS’ COUNCIL (ASC) & GLOBAL SHIPPERS’ FORUM (GSF)

ASC-

Sri Lanka hosted a very successful 5th Annual meeting of the ASC (Asian Shippers’ Council) last year from 13th to 15th August 2009. This achievement was a great success for Sri Lanka as Colombo was always rejected as a venue due to security considerations. However, the Chairman of the Singapore Shippers’ Council who is the current Chairman of the ASC intimated to all 18 member countries that Sri Lanka was now ready and secure to have a conference of this nature and gave us the opportunity to organize the event in Colombo.

In view of the above, the Sri Lanka Shippers’ Council took the initiative to organize the Annual Meeting of the ASC in Colombo and one of SLSC’s main objectives was to boost Sri Lanka’s image and to brand the country as a Regional Hub using this event. This was indeed a great

opportunity for the country to get international media attention for positive publicity for Sri Lanka.

The hosting of the ASC was an opportunity to Sri Lanka to further enhance its position to prove a point to the international logistics community that Sri Lanka should now be de-listed from any extra insurance surcharges and for the given countries that have imposed negative travel advisories to re-think strategy. The confidence of the global shipper community is also a very positive development for the port sector as Colombo got very positive publicity in the international media within the ASC event.

At the 5th Annual Meeting of the ASC in Colombo, the Asian Shippers' Council (ASC) took decisive steps to strengthen the council to combat strong challenges from liner conferences and rate agreements. At the conclusion of the Asian Shippers Council meeting in Colombo on the 15th of August a very important decision was taken by the member countries. The outcome was also very favorable to the hosting country Sri Lanka as the large regional body recognized that in the coming years Sri Lanka would play a vital role in the maritime industry with the end of terrorism. The council also briefed the media on the next steps as the worldwide shippers were gathering in London from 14th to the 16th September 2009 to discuss matters in respect of the shipping industry.

Yet, another significant achievement which came about as a result of this event, was that it was announced that the ASC permanent secretariat would be based in Sri Lanka with immediate effect and the SLSC past Chairman, Mr. Rohan Masakorala, was appointed as the Secretary General of The Asian Shippers' Council (ASC)



GSF –

The Global Shippers' Forum (GSF) was held in London from 14th to the 16th September 2009. GSF is making much progress and is planning to have a permanent secretariat in London. It is expected that the 2010 Forum will be held in Macau.

FEDERATION OF ASEAN SHIPPERS' COUNCILS (FASC)

There were no significant activities under FASC after the AGM held in New Delhi 2008.

EDUCATION & SEMINARS

There were several productive seminars conducted by SLSC during the year under review. The topics and a brief of the seminars conducted are as follows....

Export Development Reward scheme-EDRS Applying for the second quarter? (July 2009)

SLSC organized an Awareness Seminar on the Export Development Reward Scheme (EDRS) to educate Exporters, on the aspects of technical procedures and qualifying criteria for the second quarter 2009. The Department of Commerce (DOC) the primary government institution that handles all claims and approves the application had gathered information in relation to common mistakes that exporters have made during the first quarter application and were then in position to inform the trade how to submit error free application to make the process faster & smoother for the second quarter applications

This seminar discussed current issues raised by the Exporters, the method of qualifying and the application process for each sector. Officials from the department of commerce and the Trade, NCED, BOI and the department of customs attended the seminar as speakers and panelists.

Hambantota-the new Port to come in November 2010-Are you ready for it?-Investment opportunities (Nov 2009)

The Government of Sri Lanka being on track to open the Hambantota International seaport in November 2010, a year from the date of the seminar where the first vessel is scheduled to berth. With the completion of the first stage of the mega industrial port on the southern coast of Sri Lanka new opportunities will arise for the maritime industry, investors, service providers and the financial sector. The Chairman of the Sri Lanka Ports Authority Dr. Priyath Wickrama made a presentation to the industry on opportunities and upcoming plans for the new port.

Visit to Hambantota Port (19th-20th Feb 2010)

Further to the presentation made by the Chairman Sri Lanka Ports Authority in November 2009 on investment opportunities in Hambantota, SLSC organized a two day field visit with SLPA to the development site and surrounding area of the new port project.

A presentation by the UDA was organized in Hambantota. The participant's accommodation was at Peacock Hotel, Hambantota

City Development Plans - Investment opportunities (March 2010)

The Government of Sri Lanka through the Ministry of Urban Development & SAD had commenced city development projects in greater Colombo and other major selected areas including Hambantota city. These projects were targeted to bring many opportunities for investors and businesses in the coming months. SLSC invited the business community for a presentation by the Ministry that unveiled the plans and the opportunities

IMF Resident representative talks on the topic: Macro economic fundamentals, is Sri Lanka on a sound footing? (1st April 2010)

2010 budget was the first post conflict budget of Sri Lanka. The upcoming budget was expected to focus 8%+ economic growth. To achieve this target the government would have to introduce a reform agenda and modernize government activities. The GOSL also needed to systematically work towards achieving agreed IMF targets to stabilize economic activity for sustainable

development. Dr Koshy Mathai on the invitation of Sri Lanka Shippers' Council discussed and presented the IMF position & observations on the current status to the business community of Sri Lanka.

TRADE COMPLAINTS

The Council continues to facilitate the trade by assisting in the mediation of trade disputes among the shipping lines, freight forwarders, NVOCC Operators, and shippers.

REPRESENTATIONS

The Council continues to maintain its close association with the Government and Private sector organizations and also with the Trade Associations with a view to improve the service level of these organizations.

Some highlighted representations made during the year were as follows....

- Committee on Maritime & Trade Related Policy issues.
- Representations at the Meetings regarding the usage of Methyl Bromide at the Ministry of Environment & Natural Resources
- Presidential Committee on Maritime Matters (Working group tasked with the implementation of Commercial Aspects)

THE CEYLON CHAMBER OF COMMERCE (CCC)

The Chairman of the Sri Lanka Shippers' Council is a member of the Committee of the Ceylon Chamber of Commerce, the oldest Chamber in Sri Lanka with a history of over 170 years. The Council members have had several meetings with the Chamber officials on policy matters relating to port and shipping.

MEMBERSHIP

The membership of the Council is open to all Trade Chambers and Associations engaged in Shipping and Port related activities as well as individual companies in the import/export trade. The membership committee is responsible for developing and increasing the membership of the Council.

The annual membership fee for Trade Associations/Chambers is Rs.7,500/-, while the membership fee for individual companies is Rs.3,500/-.

During the year under review, the Council approved membership for the following companies/organizations as Individual Members:

- Ceylon Tea Marketing (Pvt) Ltd
- Care Logistics (Pvt) Ltd

FINANCE

The Ceylon Chamber of Commerce manages the Council funds on behalf of the Council.

WEB SITE

The website is regularly updated with trade related information and hosts value added services. The website address of the Council is www.slsc.ws.

SECRETARIAT

The Ceylon Chamber of Commerce provides Secretarial services to the Council. The infrastructure of the Chamber is readily available to the Council.

BY THE ORDER OF THE COUNCIL

Sgd.

***HARIN MALWATTE
SECRETARY GENERAL***

10th July 2010