



## Sri Lanka Shippers' Council



Sri Lanka Shippers' Council Chairman, Mr. Sean Van Dort

### **Shippers 'Council Chairman warns importers of attempt to distort freight market once again**

#### **Call for government ministries to be vigilant.....**

up to 2014 Majority of Sri Lankan importers, due to lack of knowledge on contracts of carriage and with no protection from authorities / Government were fleeced by many service providers for many years, when they were called upon to pay charges to these service providers when obtaining clearance of documents and cargo from the port where the seller had payed full freight to an agreed delivery place in Colombo (CY or CFS.)

They were also depriving the Government of collecting duty on the actual landed costs for imports as the freight cost was separated and manipulated to show a tariff item called "THC" (among many other ancillary charges) that does not have any mention in the port charges payable by shipping lines and service providers.

It is required by law that ships owners through its agents pay the port a vessels navigation, and loading and unloading costs before the vessels arrival to the port. And such funds had to be remitted from overseas. This was to ensure an inflow of foreign currency in the Country for services rendered to foreign ships.

In some cases a few service providers who collected such charges from importers did not even keep their principles informed of the amounts collected unlawfully but stacked up these, Collection for their benefit.

The government corrected this situation two years ago, when it prevented such agents collecting undue charges from importers by a special gazette that was carefully presented to ensure transparency and to make sure that the contracting parties pay up to delivery points for containerized cargo.

This gazette did not interfere in pricing and allowed charges to be incorporated to be paid by the contacted party (buyer or the seller) to the carrier or its agent. The government allowed open

market forces and competition to prevail and stopped distorting the market by adapting anti-competitive practices.

It is now understood that some service providers are lobbying to bring about the possibility of once again collecting such charges to fill their coffers at the expenses of the importers and the general consumer, who these charges will get passed onto.

In the past a few service providers collected such charges and violated exchange control regulations and remitted these collections to their principles and personal accounts depriving the country of much needed foreign currency. If this is not checked, it will be at the cost of the poor consumers and other importers who are involved in imports and exports of this country.

Importers are advised to be aware and ensure your sales contracts are fool proof. Ensure you mention that if your cargo is in full containers on "CIF" basis that it would read port of delivery as the Colombo container stack (CY), and if it "LCL" cargo ensure its mentioned to read as Colombo "port ware house or CFS" is mentioned on the shipping documents. By this no service provider can demand you to paying any extra costs in Colombo. They are also advised to keep the Director General of Merchant Shipping informed of such service providers who are trying to collect such costs while violating local Government regulations.

**We must also appreciate the fact that a majority of service providers have embraced the new regulations and are operating in a very ethical and market friendly, Country first frame of mind. And we the shippers council respects and hope the few who are trying to resort to the old ways take a leaf out of the ethical service providers correct them self's and move forward.**

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