



Sri Lanka Shippers' Council
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Sri Lanka Shippers' Council Welcomes Director General of Merchant Shipping New Guideline No.04 on Local chargers on Imports to Sri Lanka.

- *Reaffirms current legislation on 'structure of charges' for shipping.*
- *Importers to be charged only an all-inclusive freight and a Delivery Order fee.*
- *Guidelines on maximum Delivery Order Fee for imports.*
- *Guidelines on Import Container Deposit refunds.*
- *Introduce procedure to handle Complaints, Disputes and Noncompliance.*

Introduction and background

1. The Sri Lanka Shippers' Council (SLSC) as the apex body representing the importers and exporters of the country, welcomes the new **Guideline No. 04 issued by the Director General of Merchant Shipping (DGMS) on Local chargers pertaining to Imports to Sri Lanka**. It has been introduced at a critical time when the industry is inundated with myriad of local charges and excessive amounts charged as delivery order fees by many service providers. The Council salutes the DGMS and his Secretariat for taking swift action to introduce essential guidelines to the industry in order to safeguard the importers and exporters of the Island from the clutches of some local and international shipping service providers whose main objective is to maximize profits at the expense of service users.
2. The new guideline was issued on 17th June 2021 as an electronic circular which is now available in the Merchant Shipping website @ <http://www.dgshipping.gov.lk/web/index.php?lang=en>.
3. The guideline was issued after several rounds of discussions held with relevant industry stakeholders led by the Director General of Merchant Shipping and Secretary to the Ministry of Ports and Shipping to manage the escalating DO fees and other unethical surcharges introduced by some service providers on imports.
4. It is issued under the Section 7 of the Licensing of Shipping Agents Act No. 10 of 1972 as Amended read with Regulation 12 of the Extra Ordinary Gazette 1877/26 dated 28.08.2014 and the Regulations 8 and 9 of the Extraordinary Gazette 2041/10 dated 17.10.2017.
5. Sri Lanka already has regulations on structure of charges for imports under the said Extraordinary Gazette 2041/10 dated 17.10.2017 which details type of charges service providers can recover from local importers.
6. Accordingly, all charges on containerized cargo which cover entire cost of the carriage of goods referred to in the transport document from the origin to destination, shall be included in the all-inclusive freight recovered only from the party who is contractually bound to pay the same based on agreed payment terms. Thus, for imports to Sri Lanka, an importer can only be charged an all-inclusive freight and a delivery order fee (if applicable). No other surcharges could be charged.
7. The same regulation empowers the DGMS to determine amounts charged by service providers as Delivery Order (DO) fees.

The Guideline

1. The guideline sets out maximum amounts that could be charged as Delivery order fees from an importer based on cargo load types. Accordingly, for an FCL (full container load), a maximum DO fee that should be paid by a final importer for the issuance of such DO under Bill of lading is specified as LKR 11,000/=. For LCL (loose cargo load), a maximum DO fee that should be paid by a final importer for the issuance of such DO under Bill of lading is specified as LKR 12,500/=. The DO fee covers services rendered within the country thus it's a local fee that should be billed in LKR. It must also be noted that

there are no restrictions applied from this guideline for contracting parties to negotiate DO fees within these maximum amounts based on volume and/ or demand.

2. The guideline also describes the maximum DO fee chargeable by a vessel operator/ shipping line to a freight forwarder and a consolidator. Accordingly, for FCL, from Shipping Line to freight forwarder or Consolidator, the maximum Liner DO Fee should be LKR. 9,000/=. For LCL, from consolidator to freight forwarder, the maximum DO Fee should be Rs. 10,000/=.

3. So, a tiered structure is followed and the DGMS is to take these guidelines into consideration when DO fees are filed.

4. The guideline also sets maximum time allowed for service providers to refund import container deposits. While it is common for a vessel operator/ shipping agent/ freight forwarder to collect a deposit for the purpose of recovering costs on loss or damage of a container at the time of releasing same to an importer, the guideline clearly specifies the refund of such deposit is to be made to the importer maximum within 30 days after the container has been returned to depot and fulfilled relevant documentary requirements. Pertaining to the refund, it goes onto explain that no other charges can be recovered when containers are returned in good order and if charges are to be recovered due to damage or cleaning of containers, a survey should be conducted at the time of returning and a consensus should be reached by depot and importer on types of charges to be recovered.

5. The guideline concludes by introducing procedures on how complaints should be raised, and how disputes/ noncompliance should be handled. Accordingly, complaints of noncompliance of this guideline is to be emailed to dsmos@slt.net.lk with relevant supporting documents. DGMS has formed a recommendation committee with the involvement of trade bodies from both Service users and service providers sides to provide recommendations to him to take necessary action against wrongdoers after an inquiry.

Benefits to Importers

1. This guideline clarifies the charges a service provider could charge for imports to Sri Lanka. Accordingly, for a “freight collect” shipment, no other charges could be charged from an importer other than the all-inclusive freight subject only to a DO fee (if applicable) under the maximum threshold and a Container deposit (if applicable). For a “freight prepaid” shipment, no other charges could be charged from an importer other than a DO fee (if applicable) under the maximum threshold and a Container deposit (if applicable).

2. This will help control many other charging line items currently being levied on importers which increases costs of imports resulting in rising prices in domestic goods and export manufacturing which reduces our competitiveness globally.

3. The new complaints and noncompliance handling process is also an important feature where importers will have a direct channel now to voice their concerns/ grievances to the DGMS and the recommendation committee consisting of industry experts would provide valuable guidance to the DGMS to diligently study these complaints and take relevant action against offenders after an inquiry according to the powers vested on him by regulations.

Sri Lanka Shippers’ Council

The Sri Lanka Shippers’ Council (SLSC) as the voice of importers & exporters of the country and an appointed party in the recommendation committee by DGMS, noted the importance of this new guideline and conducted a virtual awareness seminar on MS teams and You Tube live stream where over 500 members from the trade participated to understand first hand these new changes. An eminent panel from the industry representing both service users and service providers took up questions from the audience to clarify and provide answers. The video of the seminar is now available on YouTube.

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