



## **Sri Lanka Shippers' Council**

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### **Press Release**

#### **The serious concern of the Forex crisis as outlined by the Sri Lanka Shippers' Council**

The Sri Lanka Shippers' Council wishes to draw the attention of the Government of Sri Lanka to the serious difficulties faced by our members and the Private Sector at large, due to the prevailing foreign currency crisis. The impact of the foreign currency shortage has had a serious effect on the businesses in the country.

The Council wishes to reiterate the concerns and the increasingly deteriorating and alarming situation which was detailed recently in a statement by the Joint Chambers of Commerce.

The Sri Lanka Shippers Council supports and is in agreement with the Concerns that have been expressed by the Joint Chambers of Commerce.

The serious issues faced by the Importers and Exporters of the Country are for example, the difficulties and delays in obtaining foreign currency to finance much needed imports due to the critical shortage of foreign currency in the commercial banking system in the country.

Several regular suppliers of imports who have previously extended credit terms are now demanding confirmed letters of credit, which will add to the cost of imports.

The Importers also face delays in honoring letters of credit, due to the scarcity of foreign currency, direct payments, in turn having to incur high demurrage charges as a result of the delays in clearance of goods which have already been dispatched by suppliers and are lying in the Port. Most of the goods are critical for the manufacture of export orders. Further, this impact is also felt by indirect exporters and firms providing support services for exports.

It will also affect longstanding relationships built over many years with suppliers, due to delayed payments resulting in a serious and irreversible loss of confidence and credibility between business partners and more importantly, the business credibility of the country itself.

In addition, importers are also unable to secure new orders due to their inability to agree to firm payment schedules, which are required by suppliers.

Exporters who are faced with delays in clearance their imports on time in order to manufacture and ship goods to meet their buyer's deadlines, will face a continuous reduction of orders over a period of time, due to being unable to meet buyers' schedules.

The country stands to lose if and when buyers decide to move their manufacturing to other countries which are closer to the end user, in order to overcome supply chain bottle necks due to the inconsistency and inability of local exporters to meet deadlines.

In addition, the banking system, which will not be in a position to meet the needs of their customers, both importers and exporters, could eventually be faced with a serious loss of reputation if they are compelled to dishonor committed payments.

While appreciating the efforts being taken by the Government to mobilize short term funding through swaps and credit lines, urge the Government to finalize negotiations on these arrangements and announce them with credibility and certainty as a matter of urgency, with a clear statement when these facilities will become available.

It is now apparent that the anticipated home grown solutions are not or will not materialize in the short term. We are strongly of the opinion that negotiating the re-structuring of the country's debt over a period of time would be preferable and would be a viable option as against default.

We earnestly request the Government to reconsider and put into effect alternative courses of action available to the country, for example, engaging with IMF to explore options that are available, which will give donor agencies and others the confidence that we as a country are committed to settling our overall debt.

We the Sri Lanka Shippers' Council, as the Apex Shippers' Organization in Sri Lanka and as a responsible Industry Body, request all stake holders to engage those who are concerned, to build confidence, which if done together, will enable us to face the challenges and lead the country to economic recovery.

### **Background of the Council**

The Sri Lanka Shippers' Council has a 50+ year rich history as the apex body representing the interests of shippers in the Island. It was the first National Shippers' Council to be set up in Asia in March 1966 now having 14 product member associations and over 50 individual members representing almost all industries engaged in international trade making it one of the most vibrant councils in the Country.

The Council's engagement and contribution towards drafting some of the policies of national importance and its involvement in the reform process of border agency activities during the past years are noteworthy. To name a few are; Amendments to the Sri Lanka Customs Ordinance, Implementations of Sri Lanka Customs automated processes, Establishing the Sri Lanka Customs' Export Facilitation Centre, Drafting the blue print for the National Single Window, Trade Liberalization measures and areas of Trade Facilitation, Preparation and implementation of National Export Strategy, Free Trade Agreements, National Trade Policy, Trade Information Portal, on-line payments cum e-signatures, drafting the National Policy for Maritime and Logistics and implementation of IMO 2020 low Sulphur fuel cap.

The Council also actively supports the Sri Lankan Government's vision of making Sri Lanka the Logistics Hub 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 and facilitate international trade.

Russell Juriansz  
Chairman