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POLICY INSIGHTS

INSTITUTE OF POLICY STUDIES OF SRI LANKA

Implementation of the National Single Window for Sri Lanka

Setting up a National Single Window (NSW) is an ambitious and complex initiative and its success relies on careful preparation and close cooperation between all stakeholders in Sri Lanka. NSW will allow businesses to lodge information and documents with a single-entry point, to fulfill all import, export, and transit-related regulatory requirements. The implementation of the NSW is also a legal obligation under the World Trade Organisation's (WTO) Trade Facilitation Agreement (TFA), which Sri Lanka has ratified to improve its business competitiveness.

Under the EU-Sri Lanka Trade-Related Assistance project, funded by the European Union (EU), and implemented by the International Trade Centre (ITC), in collaboration with Government of Sri Lanka (GOSL), ITC together with the Institute of Policy Studies of Sri Lanka (IPS) organised four public-private consultations (PPCs) to foster stakeholder discussion on functionality, governance, operator, and implementation of the NSW. The fourth PPC discussed the implementation issues, including tasks at the start of operations, deployment strategy, monitoring and reporting, based on a discussion paper on the same, with public and private stakeholders.

This policy brief summarises the discussion paper and proceedings from the PPC. NSW project can be broadly divided into 2 phases: 1) building and implementation and 2) operations. The focus of the Discussion Paper and PPC was on the operations of the NSW when the facility is operationalized, maintained and provides ongoing and sustainable services to the traders and the border agencies.

Start of Operations

Start of operations is when the first actual business transactions are performed by using the NSW. The nature and volume of the operations may still be limited at the moment of the start of operations phase. There are certain tasks that are considered critical during the start of operations. These include: stakeholder engagement, training and education, setting up helpdesks, data communication services, public and government agency websites, roll out of technical infrastructure, etc.

Deployment

Deployment is the roll-out of the NSW services from the start of operations to the stage where all services under the NSW scope are available, all traders are linked, and the geographic coverage has reached nationally. Deployment of a NSW is a complex matter. The deployment can only be successful if a strategy is defined and approved, taking into account national priorities, as well as several interrelated activities.

A deployment strategy specifies the functionalities, the geographical coverage, and the volume of trade that will be included in the NSW. This document will also outline the method and timing of implementation. A deployment strategy is an important document that needs to be carefully prepared, discussed with all stakeholders, and approved by the relevant governing body. Whilst the trading community would like the NSW to be available to all traders and offer all services agreed in its scope from the onset, in practice this will be impossible for several reasons. One of the reasons is the non-readiness of all government agencies to exchange electronic and/or paper based information, which could delay the start of the operations. The second reason is related to quality considerations.

As a NSW is a complex collection of business processes that need to function in a well-orchestrated manner, the risk of malfunctioning increases with added complexity. Therefore, risks can be better mitigated by starting with a limited number of services, and subsequently adding new services. A third reason is that a gradual inclusion of participating traders allows the trading community to seek the most suitable moment for their business to join the system.

Whilst a very slow deployment prevents a large part of the national economy to profit from the trade facilitation benefits offered by the NSW, a quick deployment can negatively impact the quality of operations by lack of readiness or lead to complex problems, which are difficult to analyse and solve.

Monitoring and Reporting

Monitoring of operations is very important especially during initial operations of the NSW. An objective monitoring is necessary to guarantee a sound functioning of the NSW. The NSW operator should be in charge of the daily monitoring tasks. The monitoring must be carefully noted and compiled into reports, which will provide not only the statistical information on the use of the NSW, but will also indicate whether the NSW has met the KPI. In addition the monitoring reports would indicate problems which need to be reported to the NSW governing body.

Recommendations

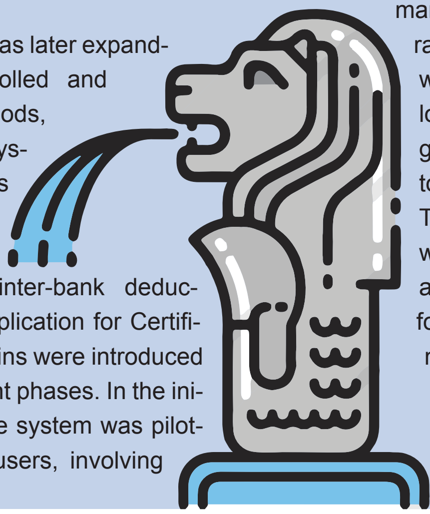
- **Geographical coverage versus functionality:** Improving the functionality of NSW is more important than extending the service to all traders at the start of operations.
- **Modes of transport:** Maritime transport should be a priority at the start of NSW in Sri Lanka.
- **Imports, exports or transshipments:** Stakeholder opinions varied on prioritizing them. Some stated that imports should be given priority in the NSW implementation as most exports in Sri Lanka are import-dependent. They also observed that the current procedures and processes for exports are more straightforward compared to imports, which is far more complex and thus require immediate attention. Others believed that exports should be given priority as Sri Lanka needs to improve its export performance and trade deficit. Moreover, it would be easier to start the NSW implementation with exports as it is less complex and there could be quick benefits to the trading community. At the same time, some stakeholders thought that both exports and imports should be included in the NSW from the onset. Similarly, it was observed that transshipment is subject to few and simple procedures, and therefore should be available from the start, whilst others thought it already functions well and does not require any immediate attention.
- **Export sectors to be prioritized in NSW implementation:** Agricultural products and apparels given they are governed by a number of government agencies and their importance to economy, respectively.
- **Import sectors to be prioritized:** Raw materials and inputs for industries (for example, building materials, fertilizer, textile inputs and oil).
- **Perishable goods:** There was no consensus although some stakeholders highlighted that at the start there may be issues with the system and traders of perishable goods may face heavy losses. Thus, they felt it would be better suited to include perishable goods trade at a subsequent stage
- **Order of geographical coverage:** Colombo, Hambantota, Galle, Trincomalee. Alternatively, Colombo, Katunayake and Hambantota at the first stage of implementation and thereafter expand to other geographical areas.
- **Government agencies to be included in the NSW from the start of operations:** Sri Lanka Customs, (SLC) Department of Import and Export Control, Sri Lanka Standards Institution (SLSI), Sri Lanka Ports Authority (SLPA), Food Control Administration (FCA), Department of Animal Production and Health (DAPH), National Plant Quarantine Service (NPQS), Board of Investments (BOI), National Medicine Regulation Authority (NMRA), Sri Lanka Tea Board (SLTB), Department of Commerce (DOC), Department of Motor Traffic (RMV), Telecommunications Regulatory Commission (TRC), Banks, Civil Aviation Authority (CAA)
- **SME support:** Awareness programmes, training, infrastructure support, information to be provided in all three languages, a lower registration fee, a longer transition period, a mobile app for SMEs.
- **Sequencing of functionalities:** There was no consensus on the ordering of the functions in NSW implementation, highlighting the need for an in-depth yet quick study to ascertain an implementation strategy for Sri Lanka.

Country Study: Implementation of Singapore's NSW

Singapore Single Window is the world's first NSW electronic platform. It was conceptualised in 1986 and the first operational part of the NSW, called TradeNet, was launched on 1 January 1989, two years after it was announced. The planning and development of TradeNet was carried out from 1987 to 1988. The pilot/test TradeNet was launched in October 1988.

Singapore adopted a phased approach to minimise the efforts involved in making the change. First, it implemented electronic processing and approval of trade export and import permit applications for non-controlled and non-dutiable goods (for which documentation is simpler).

The facility was later expanded to controlled and dutiable goods, when the system was tested and stabilised. Automated inter-bank deductions and application for Certificates of Origins were introduced in subsequent phases. In the initial phase the system was piloted with 50 users, involving few agencies. The system was extended to the rest of the trading community and agencies after the successful implementation of the pilot phase. Even after the system was extended, using it was voluntary for more than 2 years and did not become mandatory until 1991. Electronic permit application submission was not made mandatory on the first day of TradeNet operation.



The greatest obstacles during the initial phases of implementation were the need to change the mindsets of the users to switch from their existing manual process to an electronic means of trade declaration.

To encourage companies to switch, manual processing fees were raised to S$ 10 a document, while TradeNet users paid a lower fee of S$ 6 while the government developed plans to help smaller companies join TradeNet. Singapore's NSW was designed to be adaptable and scalable. Singapore followed the NSW evolution model starting with electronic customs and is now an integrated NSW involving trade and logistics communities.

This Policy Insight is based on a PPC and background paper prepared by Frank Janssen, ITC Consultant, and Janaka Wijayasiri, Kithmina Hewage and Nuwanthi Senaratne of IPS with inputs from Pierre Bonthonneau and Eleonora Salluzzi of ITC. The fourth PPC was held on 26 September, 2018 in Colombo.

100/20, Independence Avenue,
Colombo 7,
Sri Lanka
T: +94 11 2143100 / 2665068,
F: +94 11 2665065
www.ips.lk