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Sri Lanka's Domestic Barriers to Trade: Case Studies of Agricultural Exports

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ABBREVIATIONS

BIA	Bandaranaike International Airport
CFIA	Canadian Food Inspection Agency
CIF	Cost, Insurance and Freight
DFAR	Department of Fisheries and Aquatic Resources
DOA	Department of Agriculture
FTA	Free Trade Agreement
HORDI	Horticultural Crops Research & Development Institute
IRAS	Import Risk Assessment System
JIEIC	Jamaica Import/ Export Inspection Centre
NAQDA	National Aquaculture Development Authority
NARA	National Aquatic Resources Research and Development Agency
NFS	National Fertilizer Secretariat
NPQS	National Plant Quarantine Service
NSC	National Seed Council
NTB	Non-Tariff Barrier
PEACH	Procedure for Electronic Application for Certificates from the Horticultural Marketing Inspectorate
SPS	Sanitary & Phytosanitary

EXECUTIVE SUMMARY

The export sector of Sri Lanka has performed poorly since the turn of the century. Exports to GDP ratio has declined from 33.3% of GDP in 2000 to 12.8% of GDP by 2015. Additionally, from 2011 onwards, exports have declined in terms of absolute value. In response, the Government of Sri Lanka has made it a priority within their economic policy agenda to revive the ailing export sector.

Reviving the export sector requires identifying and addressing trade barriers that undermine export competitiveness. Trade barriers refer to factors beyond the exporter's direct control that adversely affect the cost, quality, quantity, or timely delivery of products. Such barriers found at home are termed *domestic barriers*, while those found abroad are termed *external barriers*.

The government's recent focus has been on reducing external trade barriers and improving market access through Free Trade Agreements (FTAs). In comparison, little attention has been paid to domestic trade barriers that affect export competitiveness. To unleash the full potential of the export sector, it is important to reduce both external and domestic barriers.

This study aims to identify the prevalent domestic trade barriers found at the Sri Lankan border and analyse their impact on agricultural exports. The agricultural exports, valued at USD 2.5 billion in 2015, accounted for 25% of total exports. Tea accounted for 50% of total agricultural exports; coconut and spices accounted for another 33%; and fruit and vegetables, cut flowers and foliage, minor crops, and fisheries products constituted the remaining 17%. The study finds that the domestic trade barriers are a significant impediment to the growth and diversification of the agricultural exports. The negative effects of these barriers are especially pronounced in the case of perishable agricultural products. Their quality and shelf life can be irreversibly affected due to

delays caused by such barriers. Removing these barriers can go a long way in boosting exports.

The study identifies trade barriers the exporters face when importing inputs (e.g. seed, fertilizer) and exporting the final output. These trade barriers are divided into three broad categories namely, (i)regulatory barriers; (ii)procedural barriers; and (iii) informational barriers. Case studies in each category provide examples of such barriers and make clear their impact on exports.

Regulatory Barriers

Commonly referred to as sanitary and phytosanitary (SPS) measures, regulations governing agricultural trade aim to safeguard the health and safety of human, plant and animal life. The challenge for any country is to ensure that these regulations maintain the safety of traded products without unnecessarily impeding trade. Ensuring that regulations are 1) developed based on research and stakeholder consultations; 2) regularly reviewed and updated; and 3) designed in a manner that leaves less room for discretionary interpretation, will help overcome this challenges to a significant extent. The study identifies several weaknesses in the regulation making process in Sri Lanka, which not only impedes trade but also compromises the safety of agricultural products traded.

1. *Weak stakeholder consultation*

Consulting stakeholders when making regulations enhances legitimacy and credibility of regulations, helps improve their effectiveness, and enhances voluntary compliance. The study finds that the absence of stakeholder consultation is a key reason that makes regulations a barrier to trade.

For example, the use of advisory bodies is one of the most widely utilised approaches to stakeholder consultation. The proposed National Seed Council (NSC) under Seed Act No. 22 of 2003, comprising all key public and private sector stakeholders, is expected to function as an advisory and oversight body on all matters relating to production and supply of seeds and planting material. The study identifies a number of issues pertaining to seed and plant material imports that undermine the country's export potential, which the NSC could help to address. However, 14 years have passed since the enactment of the Act, and the NSC has yet to be set up. Failure to establish the NSC has prolonged the problems and delayed their solutions.

Advance notification and seeking comments from stakeholders on proposed changes is another widely-used approach to stakeholder consultation. This enables accurate assessment of regulatory impact, enhances compliance and minimises implementation costs. A ban on a broad-spectrum weedicide, glyphosate, was introduced in October 2015 and the impact of the ban clearly illustrates the implications of failing to undertake such consultation. The ban severely affected exporters of cut flowers and foliage to Australia, where glyphosate is the only dipping treatment permitted. The ban, coupled with the lack of alternatives, was identified to have caused a significant drop in the yields of certain crops. Lack of alternatives also meant that agricultural producers were forced to shift to manual weeding which increased cost of production significantly. Furthermore, reports of glyphosate being smuggled into the country raises questions about effectiveness of the ban.

2. *Failure to regularly review and update regulations*

Regulations on agricultural trade must be reviewed in line with changes in economic,

environmental, and technical conditions surrounding the products they regulate, in order to ensure their relevance and usefulness. The need for review and update applies especially to the list of prohibitions and restrictions governing the export and import of plants.

The following is an example which demonstrates where Sri Lanka has failed in the review and update of guidelines. The regulation protecting the country's flora from foreign pests and diseases has not been reviewed for the last three and half decades. This raises serious concerns of the relevance and usefulness of the protection extended through the existing list of prohibitions and restrictions. Furthermore, failure to review makes traders subject to restrictions that may no longer be relevant or useful, making such regulations unnecessary barriers to trade.

3. *Poor design of regulations*

Failure to assess the impact of the regulations and consult stakeholders at the design stage can result in poorly designed regulations, leading to unfavourable outcomes. A clear example is the guidelines issued by the Horticultural Crops Research and Development Institute (HORDI) of the Department of Agriculture (DOA) for the testing of imported vegetable varieties. The guidelines in effect create monopolies for seed companies over seed varieties, and thereby restrict the choice of farmers in terms of both seed suppliers and varieties. The system creates an unfair advantage for existing seed companies and creates insurmountable entry barriers for new players entering the market. The case demonstrates how regulatory systems can fall prey to bureaucratic prerogative and vested interests in the absence of wider stakeholder consultations and impact assessment at the design stage.

Remedial measures: Sri Lanka can learn from the measures taken by other countries to overcome the identified barriers. For example, many countries have put in place systems to notify the public in advance and seek comments prior to implementation of regulations. Furthermore, there are countries that have in place planned reviews of regulations at regular intervals to ensure that they remain relevant. There are also examples of how countries benefit by reforming poorly designed regulations. Seed reforms undertaken by Turkey, for example, led to greater competition and wider private sector participation; subsequently leading to improvements in agricultural productivity and increase in export revenues.

Procedural Barriers

Efficient, predictable, and transparent regulatory procedures enhance compliance and facilitate trade. Sri Lankan exporters suffer from inefficient procedures at the border. This is reflected by the country's global ranking in efficiency of border procedures, measured by the Global Trade Enabling Index. The ranking went down by ten places within just two years, from 87th place (2014) to 97th (2016) out of 136 countries. Sri Lanka lags behind regional peers such as Thailand (44th), India (75th) and Vietnam (86th). The study identifies inefficiency, unpredictability, and weak inter-agency coordination to be key procedural barriers to trade.

1. *Inefficient procedures*

Every additional hour that perishable products spend in transit because of inefficient procedures adversely affects their quality and commercial value. Several case studies serve to illustrate the negative impact of delays caused by inefficient procedures on export competitiveness.

The physical inspection process in place for perishables that go through the Bandaranaike International Airport is a case in point. The cargo goes through four separate inspections conducted

by four different authorities. In most instances, the inspections are carried out by officials who are not trained to handle perishable cargo, and pilferage is a frequent occurrence. The inspections are conducted in areas without any temperature control, and in some instances in open-air areas, exposing products to heat and contamination. Additionally, the requirement by the Air Force to leave space inside the lorry to serve as an aisle for the officials conducting security checks reduces loading capacity and increases transport costs. The result is longer transit times and damage to cargo, which significantly undermines the competitiveness of perishable exports.

Another clear example of inefficient procedures is the need to visit the Department of Export and Import Control for a second clearance after getting the approval of the respective line Ministry/Agency to import/export certain items. At present, the Department of Export adds little value in terms of regulatory compliance and merely adds to time and cost of engaging in international trade.

2. ***Weak inter-agency coordination***

Poor communication between agencies results in delays to exporters, which adversely affects their export competitiveness. For example, seafood exporters report of significant delays in getting the Health Certificate required to clear cargo because of weak coordination between National Aquatic Resources Research and Development Agency (NARA) and the Department of Fisheries and Aquatic Resources (DFAR). NARA's test reports are prerequisites for the issuance of the Health Certificate by DFAR which is delayed when NARA fails to send the test reports on time.

3. ***Unpredictable procedures***

The ability to know with confidence if listed documents are submitted, outlined procedures are followed, and the cargo can be cleared within a given period is a key determinant of trade competitiveness.

The fertilizer import procedure in Sri Lanka illustrates the impact of unpredictable procedures where the traders are unable to assess with confidence the time taken to process the documents and clear the cargo. Fertilizer importers report of frequent delays despite following the due process outlined by the National Fertilizer Secretariat (NFS). The process itself is lengthy and cumbersome and delays are an added burden. This does not bode well for agricultural productivity and the export competitiveness of a country that meets most of its fertilizer needs through imports.

Remedial measures: The ability to profile the risk of non-compliance of a shipment with regulations and introduce mitigatory measures proportional to the level of risk can help reduce the frequency of physical inspections. For example, in the UK, the Import Risk Assessment System assigns each consignment to a risk category. Only the consignments categorised as high risk are subject to 100% inspection. Medium risk categories are inspected on a case-by-case basis, while low risk categories are cleared without any inspection.

Additionally, improved coordination and cooperation of border agencies can help to significantly reduce compliance and enforcement related time and costs. For example, the Import/Export Inspection Centre in Jamaica reduced turnaround time for the inspection of imported commercial goods from an average of 24 hours to an average of four hours in six years by introducing measures to enhance inter-agency coordination.

Countries are also increasingly adopting information and communication technology to cut down red tape. For example, Malaysia's Electronic

Permit (ePermit) system enabled the country to process 284,655 permits in a year, with each electronic cycle taking less than a day.

Informational Barriers

Access to accurate and timely information on regulations and procedures in a user-friendly manner is critical for export success. Not having the right information at the right time can lead to significant delays and losses for the trader. Further, the time and money spent on finding information can be a significant barrier to trade as well. The study finds difficulty in accessing trade related regulatory information to be a major barrier to trade.

1. *Limited access to information online*

Making information available through the web can help reduce the information search costs significantly and enhance transparency. It is the most non-discriminatory way of making information available to the public, since access is not restricted by time and location. Instant and convenient access to government information through websites is especially beneficial to small and medium industries and businesses located outside Colombo, who would otherwise have to visit Colombo in person to obtain the necessary information. The research finds that in Sri Lanka, information made available through websites is often limited and out-dated. Thus, traders must often call relevant organisations, or visit their offices in person to obtain the required information.

The report analysed the online availability of basic information such as contact details, application forms, procedures, list of restrictions, fees and timelines for seven key agencies related to agricultural trade. According to the study, only 36% of the required information was available online. The remaining 64% of information had to be obtained by either physically visiting the premises of the respective agency or via phone call.

2. *Failure to notify traders of changes in advance*

Many traders interviewed in this study experienced ad hoc changes in procedures, often with a change in the Head of the relevant regulatory authority. As the traders are not informed of changes in a timely manner, they consequently do not have sufficient time to adjust to new procedures. An importer of special fertilizers, for example, was not informed of the need for additional approvals from the Department of Agriculture prior to the arrival of shipments at the port. As a result, a shipment took three months, instead of the usual three days, to be released from the port, which resulted in significant demurrage costs.

3. *Failure to provide information in a user-friendly manner*

To enhance accessibility of information, it is important to publish the information in a user-friendly manner. In Sri Lanka, finding information online can be cumbersome. It is not unusual to find information on different aspects of a single procedure related to a single product scattered over multiple websites.

Increasingly, countries are introducing online search engines where traders can find information by entering product code or name, especially for taxes and trade data. In Sri Lanka, most agencies have yet to introduce such systems. At present, soft copies of the most updated data on trade, which is organized by HS code is not available online and must be purchased from Sri Lanka Customs. Furthermore, the taxes applicable at the point of import by HS code is not made available online in a user-friendly manner.

Remedial measures: Many countries have introduced a Trade Information Portal as a means of facilitating trade and increasing transparency. A Trade Information Portal is expected to enable traders to access all relevant trade rules, regulations, procedures, fee schedules, and forms from all border management agencies through a single user-friendly web site. In its 2017 Budget, the Government of Sri Lanka made a commitment to establish a National Trade Information Portal. It is important to note, however, that maintaining a website of this nature is challenging as information needs to be continuously updated to ensure that it remains relevant and useful. Therefore, putting in place institutional arrangements to ensure a proactive supply of information from the agencies to the Trade Information Portal is critical for such a portal to be an effective solution to the current information problem.

In conclusion, there is much that can be done at home to realise the untapped potential of agricultural exports. The study revealed many of the barriers that currently exist to be symptomatic of a deeper lack of communication between the three major players in the trade-related policymaking space, i.e.1) the policy makers who formulate the regulation; 2) regulatory agencies, who are unaware of the barriers created by procedures or are unwilling to address them due to the perks and privileges the existing system offers; and 3) private sector traders, who often resort to private solutions to address the barriers.

Many of the barriers described can be easily resolved, as demonstrated by the experience of other countries. However, arriving at long-term, sustainable solutions requires a willingness of the government to recognise the importance of domestic barriers and work towards eliminating them. It also requires the persistence of the private sector in holding the regulatory agencies involved in trade accountable in delivering such solutions.

1

INTRODUCTION

Background

The export sector of Sri Lanka has performed poorly since the turn of the century. Exports to GDP ratio has declined from 33.3% of GDP in 2000 to 12.8% of GDP by 2015. During the last six years, from 2011 onwards, exports have declined in terms of absolute value as well. The government of Sri Lanka has made reviving the ailing export sector a priority in their export policy.

Negotiating Free Trade Agreements (FTAs) is one of the key policies followed by the government, in order to remove trade barriers Sri Lankan exporters face in importing countries, and thereby improve market access and enhance trade competitiveness. Tariffs and non-tariff measures imposed by the government, leading to unreasonable costs of compliance and unnecessary delays, ultimately become barriers to trade. However, barriers to trade occur not only at the border of the importing country, but are also found at the border of the exporting country. If the key barriers occur at the border of the exporting country, then a strategy that only aims to remove barriers in the importing country will not have the desired positive impact on exports. Therefore, understanding where the key bottlenecks are, whether at home or abroad, plays a vital role in devising strategies to promote exports.

Objective

The objective of this study is to analyse the domestic barriers faced at the border of Sri Lanka by exporters of selected agricultural products and assess the impact of these barriers.

Agriculture constitutes a significant part of exports of the country. Valued at USD 2.6 billion in 2015, agricultural exports accounted for nearly 25% of the country's total exports that year.[1] The sector is dominated by a handful of commodities: tea, by itself, accounts for 50% of total

agricultural exports, while coconut and spices account for another 33%. The remaining 17% of agricultural exports comprise of fruit and vegetables; cut flowers and foliage; minor crops and fisheries products. The study aims to understand the importance of identifying and addressing domestic barriers to unleash the potential of the agricultural export sector to generate revenue for the country.

Methodology

This paper adopts a qualitative case study approach to identify domestic barriers and evaluate their impact. Case studies were developed through semi-structured and informal interviews with key private and public sector stakeholders in the identified sectors. The research involved interviews with 15 exporters[2] and importers of selected agricultural products and 10 government agencies.

The study divides barriers faced at the border into three categories; regulatory, procedural, and informational. The case studies are used to highlight how poorly designed regulations, inefficient procedures and lack of information can become significant barriers to trade. The case studies are expected to serve as a basis to understand the issues and the impact.

Based on secondary research and information on best practices from other countries, the research paper also highlights policy and regulatory interventions that can help to address the barriers presented in the case studies.

This paper is structured as follows. Section 2 discusses in detail the common barriers that traders face at the border. Sections 3, 4 and 5 identify the regulatory, procedural, and information-related barriers to trade, respectively, and analyse their impact on agricultural exports.

2

DOMESTIC BARRIERS TO TRADE IN AGRICULTURAL PRODUCTS

2.1. Barriers to Trade: An Overview

Trade barriers refer to factors that undermine export competitiveness, beyond the direct control of the exporter. These factors have an adverse impact on cost, quality, quantity, and timeliness of delivery of products. Barriers to trade that occur inside and at the border of the exporting country are known as domestic barriers. Those that occur at and beyond the border of the importing country are known as external barriers.

Figure 2.1 lists common barriers exporters are likely to face at the border of the exporting country as well as at the border of the importing country. These can be broadly grouped into three categories.

1. Regulatory barriers

   Regulations become barriers when they are poorly designed, not regularly reviewed/updated, adopted without appropriate consultations with stakeholders and not based on research where relevant.

2. Procedural barriers

   Procedures in place to check compliance with the regulations become barriers when they are cumbersome, time consuming, and unpredictable.

Figure 2.1 | Examples of Commonly Found Barriers to Trade at the Border

3. Informational barriers

   The time and cost of finding reliable trade related regulatory information as well as the delays encountered and costs incurred because of not having the right information at the right time constitute a significant and often overlooked barrier to trade

Further, a side-effect of these barriers is that they provide an opportunity for rent-seeking by public administrators who offer individuals the option of side-stepping formal procedures in return for various kickbacks, when the cost of compliance becomes excessive. It is common to find businesses paying officials to speed up transactions. Although bribery as a means of overcoming bureaucratic hurdles may be appealing to individual businesses, it results in an overall net loss in efficiency to the country as the implications of using such methods to circumvent the rules and regulations can be far reaching.

2.2. Costs of Barriers on Agricultural Products are Magnified

The cost of poorly designed and inefficiently administered regulations is higher on agricultural products, especially perishable products. For example, one study estimates that a day's delay reduces a country's relative exports of agricultural goods by 6% compared to 1% for general exports.[3] Exporters of perishable commodities operate on both low profit margins and short time windows. As such, barriers resulting in increased transaction costs in the form of time and cost incurred in the trading process is even greater than for non-agricultural exports. Hence, the probability of such barriers leading to frequent use of bribes to speed up the bureaucratic process is high.[4] In addition, the negative impact of the resulting compromise in safety and quality of products traded are higher in the case of agricultural products compared to other products. For example, it is estimated that Thailand's fresh fruits and vegetables producers and exporters lose about USD 96.4 million a year due to spoilage and poor storage.[5]

2.3. Agricultural Exports: Domestic Trade Barriers are the Key Problem

In the case of agricultural products, the study finds that the domestic barriers exporters face at the border of their own country have a significant negative impact on export competitiveness. The traders encounter the barriers referred to in Figure 2.1 both when importing agricultural inputs such as seeds, planting material, chemicals/pesticides and fertilizer and when exporting final products.

Interviews revealed that to avoid delays resulting from cumbersome and time consuming regulatory procedures, traders are sometimes compelled to pay officials to circum-vent them in order to speed up the transactions . Such actions pose a serious threat to health and safety of humans, animals and plants.

Studies conducted by others further confirm the findings of this study that domestic technical measures and regulations act as significant barriers at the border to agricultural trade. A survey on Sri Lankan exports found that on average, 47% of all agricultural exporters are affected by burdensome non-tariff measures or procedural obstacles domestically, while 97% of Sri Lankan importers of agricultural inputs faced the same.[6]

Further, 85% of all non-tariff barrier (NTB) cases in agriculture trade in Sri Lanka were related to product-specific technical regulations and related conformity assessment with the majority of cases facing obstacles and inefficiencies domestically.[7] A more recent study conducted on tea, fish, fruit, and vegetables exports also found that NTBs were a significant issue compared to tariff barriers with regard to agricultural trade in Sri Lanka.[8] Therefore, addressing domestic barriers remain a priority to revive agricultural exports of the country and to ensure the safety and quality of the products traded.

The following three sections separately elaborate the regulatory, procedural and informational barriers Sri Lankan exporters face and their impact through a series of selected case studies developed from information gathered via the interviews.

3

REGULATORY BARRIERS

Regulations in agricultural trade play an important role in ensuring that the products traded are safe and of high quality. In general, trade in agricultural products are subject to a greater degree of regulatory oversight at the border of the exporting country as well as the importing country in comparison to other commodities.[9] The objective of such regulatory measures, commonly referred to as sanitary and phytosanitary (SPS) measures, is to protect the health and safety of consumers, plants and animals. Sanitary measures are those related to human or animal health, and phytosanitary measures deal with plant health.

For example, quarantine regulations are a category of such regulations that aim to prevent the introduction of pests and diseases that are not indigenous to Sri Lanka, which can have disastrous effects on plants and animals.[10] There have been numerous instances where entry of pests and diseases have harmed plant life in Sri Lanka. In the mid-19th century, entry of coffee rust fungus (*Hemileia vastatrix*) destroyed Sri Lanka's coffee industry. In 1946, the blister blight fungus of tea (*Exobasidium vexans*) caused severe damage to tea industry. In the early 1970s, the entry of coconut leaf miner beetle (*Promecotheca cumingi*) destroyed large tracts of coconut palms in Sri Lanka.[11] In 2008, the entry of alien invasive species papaya mealybug (*Paracoccus marginatus*), which is native to Central America, adversely affected over 80 plant varieties.[12] These examples amply demonstrate the importance of having in place an effective regulatory framework.

The challenge for any country is to ensure that these regulations facilitate and do not unnecessarily impede trade in agricultural products. However, there are instances such as those referred to in Figure 2.1, where regulations can become an unnecessary barrier to trade. For example, interviews with exporters of ornamental fish and ornamental plants in this study revealed that difficulties encountered in importing new varieties of species/plants in to the country are key constraints that severely undermine export potential. Hence one of the challenges facing

Sri Lanka in reviving exports of these products is to put in place a regulatory framework that can meet the needs of the export sector whilst safeguarding the health and safety of animals and plants in the country.

Figure 3.1 outlines some of the key features of an effective regulatory framework. This Section uses case studies to highlight instances in Sri Lanka where the regulatory framework falls short leading to regulations becoming a barrier to legitimate agricultural trade. These case studies are developed by considering only a few of the numerous governing regulations and focuses on some aspects of the selected regulations. The case studies only serve as a basis to highlight instances where regulations can become barriers to trade and the importance of identifying and removing such barriers. It is not an exhaustive analysis of all regulations. There are 11 legislative enactments and a host of regulations thereunder governing the trade of fauna and flora.[13] However, this study focuses on eight of these legislative enactments, which affect trade in the sectors considered. Detailed information on these Acts is provided in Annex 1.

The case studies listed in this section demonstrate how 1) failure to institute mechanisms for regular stakeholder consultations; 2) failure to regularly review and update regulations; and 3) poor design of regulations undermine the export potential of agricultural products, and more importantly pose a risk to safety and quality of the products traded.

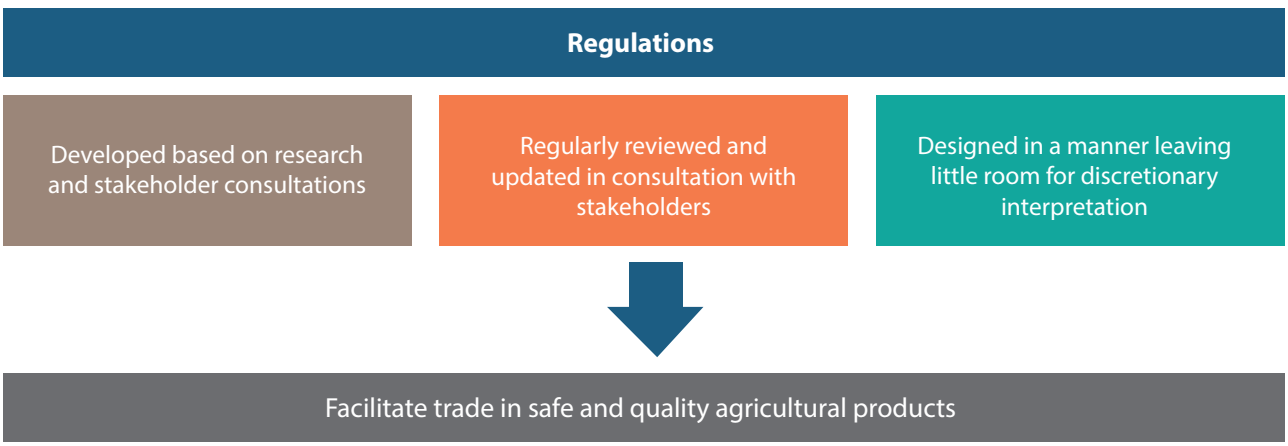
3.1. Lack of Stakeholder Consultation

Stakeholder consultations in the design of regulations have numerous benefits, as discussed below:

Enhance legitimacy and credibility: Public consultation enhances transparency and allows more stakeholders, who are affected by regulations on agricultural trade, to influence the outcome. While closed law making could give outsized influence to particular groups at the expense of public interest, consultation enhances the legitimacy and therefore the credibility of the outcome, which leads to better-targeted and coherent regulation.

Improve efficiency and effectiveness: The experience and views of both the parties affected by the laws/regulations and those involved in their implementation are an important method of early evaluation of the consequences of proposed regulations.[14] For example, consultation

Figure 3.1 | Key Features of Well-Designed and Effective Regulations



with private sector stakeholders is one of the main methods for governments to identify unintended effects and practical problems that arise from regulations, agree on remedies, and carry out reforms.[15] Thus, consultation can improve the quality of rules and regulations, which in turn can improve compliance and reduce enforcement costs for both governments and businesses subject to rules.[16]

Enhance compliance: Consultation processes can also enhance voluntary compliance for two reasons as 1) changes are announced in a timely manner and there is time to adjust to changes; and 2) there is a sense of legitimacy and shared ownership arising from consultation motivates affected parties to comply.[17]

The research found a lack of formalised stakeholder consultation during the proposal and drafting stage of regulations. In many instances, traders were not clear on the objective of a regulatory procedure and no effort was made on the part of the government to create awareness about the rationale for a regulation prior to its implementation.

3.1.1. Case Study: Costs of Failing to Implement Advisory Councils

The use of advisory bodies is one of the most widely used approaches to stakeholder consultation. Regulatory development – drafting and reviewing proposals, or evaluating existing regulations – is among the tasks assigned to advisory bodies. Advisory bodies are involved at all stages of the regulatory process, but most commonly assist the early stages by defining positions and options. There are many different types of advisory bodies such as councils, committees, commissions, and working parties. Common features are that the advisory bodies 1) have a defined mandate or task within the regulatory process (either providing expertise or seeking consensus); and 2) include members from outside the government administration.[18]

Realising the importance of consultation, many laws enacted in Sri Lanka have provisions to create various forms of advisory bodies. A good example is the provision to establish a "National Seed Council (NSC)" under Section 4 of the Seed Act No. 22 of 2003. The proposed NSC constitutes of all key public sector stakeholders, including agencies involved in implementation and research. In addition, NSC includes external parties as the Minister is to appoint four members from among seed producers, seed users and seed importers to the Council. The Act envisages NSC functioning as an advisory and oversight body on all matters relating to production and supply of quality seeds and planting material. However, 14 years have passed since the enactment of the Seed Act in 2003 and the NSC has yet to be established.[19]

Many importers face issues under the current regulatory environment governing importation of seed and plant material in Sri Lanka. Interviews with exporters revealed that difficulties encountered in importing seeds and planting material critically undermined their capacity to acquire sufficient quantities of exportable quality products. According to exporters, Sri Lanka's existing seed varieties are limited and out-dated and the country's technical capacity to breed new varieties is inadequate to meet global buyer demands. Therefore, being able to import new, high quality varieties is important for exporters to remain competitive in the international market. Additionally, floriculture exporters complained of the reluctance of foreign breeders to share new plant varieties with Sri Lankan growers because the country has not ratified the International Convention for the Protection of New Varieties of Plants. These constraints and other similar issues clearly highlight the need for an organisation such as the NSC, in order to arrive at a

consensus-based solution to the problems.

3.1.2 Case Study: Costs of Failing to Provide Advanced Notification and Obtain Feedback

Two critical elements of stakeholder consultation are to provide advanced notification of proposed changes and seek comments publicly from stakeholders prior to implementation. By providing a sufficient adjustment period, traders can become acquainted with the new regulations before implementation. Providing an interim period enables agencies to accurately assess the impact of a new regulation and enhance compliance and minimise costs both to themselves and traders. The ban on glyphosate, a widely used weedicide, illustrates the potential consequences of failing to involve stakeholders in forming and amending regulations.

Glyphosate is a broad spectrum, non-selective systemic weedicide, and is the most commonly used weedicide in the world.[20] The Sri Lankan Department of Agriculture (DOA) permitted the use of glyphosate as a weedicide in non-cropped lands in the hill country in 1977 and it was extended island wide in 1994. Hence, it was widely used in Sri Lanka. In 2012, the amount of glyphosate imported was 5.3 million kg, which constituted more than half (52%) of the total pesticides imported (including all other herbicides, insecticides, and fungicides).[21]

A ban of glyphosate was enforced through Extraordinary Gazette No. 1937/35 published on 23 October 2015. The ban, once published, was effective immediately and did not allow users of glyphosate a period of transition to phase out their use of glyphosate and find suitable alternatives. The blanket ban, which was introduced overnight with minimal stakeholder consultation, had unexpected consequences. One such consequence was that it severely affected exports of cut flowers and foliage to Australia, where glyphosate is the only dipping treatment permitted by the Department of Agriculture and Water Resources of Australia for the devitalisation process required for importing cut flowers and foliage.[22] Due to this unforeseen consequence, the National Plant Quarantine Service (NPQS) is still in the process of negotiating an arrangement for floriculture exporters to Australia, over a year since the ban was introduced.[23]

Following the ban, many producers resorted to manual weeding or opted for more toxic alternatives such as Glufosinate.[24] Weeding costs and overall cost of production for tea plantations increased significantly. Further, drops in agricultural productivity of maize, chillies, cowpea, black gram and green gram in the 2015/2016 *Maha* season compared to the 2014/2015 *Maha* have been attributed by experts to the lack of alternatives to glyphosate.[25]

Finally, the effectiveness of the ban is also in question. In the absence of suitable alternatives, the demand for the product remains high. Cases of glyphosate being smuggled into the country have been reported,[26] underscoring that the lack of consensus between the public and private sector has reduced compliance.

This case study serves to highlight the importance of advanced notification and stakeholder consultation in creating effective and efficient regulations. Engaging and educating the relevant stakeholders on the proposed ban and providing a window for feedback and transition to alternatives would have avoided many of the negative consequences of the ban.

BOX 3A

Public notice to seek comments: An example from India

India has recently launched a trade portal, through which it is publishing information about proposed legislative amendments – such as proposed regulations, expected date of effect, and relevant authority responsible - in advance. The portal provides the opportunity for interested parties to submit their views on the proposed amendments online (Figure 3.2).

Figure 3.2 | Indian Trade Portal Alert for Businesses to Submit Feedback on Amendments to Plant Quarantine Order

Source: Alerts, *Indian Trade Portal,* at http://www.indiantradeportal.in/vs.jsp?lang=0&id=0,25,127,2712,3661

3.2 Outdated Regulations

Regular review and update of regulations is necessary to ensure that they are fully responsive to changes in the economic, environmental, and technical conditions surrounding them. For instance, there are regulations that prohibit or restrict the entry of new plants and plant materials into Sri Lanka to mitigate the risks associated with introduction of exotic pests, diseases, and weeds. Changes in factors such as climate, consumption and production patterns, and land-use can affect the distribution and prevalence of pests, diseases and weeds both within and outside the country. These changes can render certain prohibitions and restrictions irrelevant. More dangerously, such changes can also make regulation ineffective when the emergence of new threats has not been accounted for. In such cases, in addition to being a barrier to trade, the safety and quality of agricultural products of the country are at risk to foreign pests and diseases. Hence, to ensure that regulations are relevant and effective, regular review and update of prohibitions and restrictions is necessary. Not only will these reviews and updates increase export potential, but they will also maintain the safety and quality of traded agricultural products.

3.2.1 Case Study: Costs of Failure to Review Plant Import Restrictions/Prohibitions

To date, the import of plants and plant materials into Sri Lanka is governed by regulations published 36 years ago, in Extraordinary Gazette No. 165/2 of 1981 issued under the Plant Protection Ordinance No. 10 of 1924.[27] According to these regulations, the import of certain genera and families of plants is prohibited, except when imported for scientific research purposes under adequate safeguards specified by the Director of Agriculture. The regulation lists 38 different types of plants as being prohibited or restricted from being imported into the country. The list has not been updated for the past 36 years. This raises questions about the relevance and effectiveness of the regulation given the changes that are likely to have taken place in Sri Lanka over three and half decades.

Although the country repealed the Plant Protection Ordinance issued in 1924 by enacting Plant Protection Act No. 35 in 1999, relevant regulations to update the applicable restrictions and prohibitions are yet to be passed. Consequently, despite the replacement of the Plant Protection Ordinance by the Plant Protection Act, the sector is still governed by the regulations from 1981 since they are not contradicted by the provisions of the new Act.

The failure to implement the Act by issuing new regulations compromises the safety and quality of plant and plant materials traded and negatively affects agricultural productivity and export potential. There have been several attempts to draft new regulations for the import of plant and plant materials by the NPQS, with the latest attempt taking place in 2015.[28] However, none of these attempts have succeeded due to neglect of the issue by policymakers.

BOX 3B

Planned reviews of regulations at periodic intervals - Examples from other countries

New Zealand: The country's National Pest Plant Accord is a non-statutory agreement between organisations that have a common interest in managing risks associated with the sale, distribution and propagation of specific, harmful pest plants. The Accord came into effect in 2001 between regional councils and government departments that bear biosecurity responsibilities and is reviewed every five years. The next review scheduled for 2017, while the list of pest plants on the Accord list can be reviewed at greater frequency, as agreed by a steering group.[29] Canada: Regulations governing the import of plants and planting materials to prevent the entry and spread of regulated plant materials are issued as directives by the Canadian Food Inspection Agency (CFIA) under the Plant Protection Act, S.C. 1990, c. 22 and the Plant Protection Regulations, SOR/95-212.[30] These directives have an inbuilt provision for the review and update of regulations, the frequency of which depends on the type of directive issued. For example, the CFIA issued Directive D-07-03: Phytosanitary Import Requirements to Prevent the Entry of *Epiphyas postvittana* (light brown apple moth) on 23 February 2015, which includes the clause, "This directive will be reviewed every five years unless otherwise needed".

3.3. Poor Design of Regulations

When designing regulations, it is important to carefully analyse the overall impact of such regulations on the country. The example of Sri Lankan guidelines for the testing of imported vegetable varieties illustrates the dangerous consequences of regulatory systems falling prey to bureaucratic prerogative and the vested interests of individuals/groups.[31] This case study further illustrates the importance of stakeholder consultation and the value of advisory bodies such as the National Seed Council in designing regulations (as discussed earlier under Section 3.1).

3.3.1. Case Study: Costs of Poorly Designed Regulations – Seed Imports

Systems to test that new varieties of seeds are of a high quality are common in many countries. In Sri Lanka, the procedure for the import of new vegetable seed varieties is governed by the *Guidelines for The Testing of Vegetable Varieties Imported by The Private Seed Companies (2015)* published by the Horticultural Crops Research and Development Institute of the Department of Agriculture (HORDI). If a private company intends to import new vegetable seed varieties for commercial purposes, it must undergo a trial

testing period carried out by the HORDI of approximately one and a half years.[32]

The guidelines issued severely undermine competition in the seed market: they restrict the right to import a particular seed variety to a single company. According to paragraph (g) of Section 4.1 of the guidelines, "A variety which is tested earlier by a company will not be given permits to import by another company even for trial purposes". This regulation effectively provides monopoly rights in seed varieties to companies that were the first to apply for registration. Interviews with HORDI revealed that this restriction was introduced at the request of seed importers to safeguard their business interests. However, economically, this has a negative impact on seed users who are compelled to purchase these seeds under the terms and conditions of a monopoly supplier. According to seed importers, this system creates an unfair advantage for older, more established seed companies which number around 25 in Sri Lanka, and create insurmountable entry barriers for new players in the market.[33]

Further, paragraph (f) of Section 4.1 states that "A maximum of 3 new varieties will be authorised/ accepted for evaluation per crop per season from each importer". Therefore, in addition to prohibiting a new company from importing currently approved registered seed varieties, the Guidelines also restrict their ability to gain approval for new unregistered varieties. Hence, these Guidelines both undermine market competition and limit the availability of seed varieties in the country, thereby imposing a two-fold restriction on farmers and producers.

BOX 3C

Seed reforms in Turkey: Creating better outcomes

The experience of Turkey demonstrates how reforming regulations that lead to unfavourable outcomes can benefit the country. In the 1980s, Turkey's Ministry of Agriculture had a similar system to that of Sri Lanka where it licensed certain companies as 'sole distributors' of particular hybrid vegetable seed varieties. The policy led to a monopolistic market environment, which in turn lead to smuggling from the neighbouring nation of Cyprus.

Seed reforms in the 1980s liberalised the variety registration procedure and the number of private firms increased from less than 10 firms to 80 firms in a decade. Other positive outcomes were also realised: vegetable exports quadrupled from USD 100 million to USD 400 million; vegetable production increased by USD 130 million; and net famer incomes increased by USD 97 million.[34] Additionally, the introduction of maize hybrids by the private sector led to national maize yields doubling within several years. The response to regulatory reform in the case of Turkey suggests that annual foregone gains due to government controls on seed trade had exceeded USD 100 million.[35]

4

PROCEDURAL BARRIERS

Effective regulation by itself is not sufficient to ensure compliance: it must be complemented by effective procedures. Several studies show that the transaction costs of inefficient procedures are significant. One study estimated total trade transaction costs to be in the range of 10% - 15% of the total value of world trade with the cost of complying with customs procedures alone amounting to 5%-7%.[36] Another study estimated that each extra signature collected before a shipment takes place reduces a country's aggregate exports by 4.2% and that these impacts increase with the level of product differentiation.[37]

Most of the agricultural exports covered in this study are perishable and spoil fast, especially if not properly stored. Delays in the release and clearance of such goods reduce their shelf life and may affect their quality in an irreversible manner. Enacting trade facilitation measures to ensure that the quality and commercial value of perishable goods are preserved throughout the exportation process will help enhance agricultural exports significantly. Such measures involve: the avoidance of unnecessary controls; expedited release and clearance; consideration of the need for appropriate storage; and enhanced transparency.

Sri Lanka fares poorly in comparison to regional peers in this respect. Between 2014 and 2016, the country's global ranking in terms of efficiency and transparency of border administration, measured by the Global Trade Enabling Index, went down by ten places – from 87th to 97th - out of 136 countries. Sri Lanka lags behind Thailand (44th), India (75th) and Vietnam (86th). According to Doing Business Index 2017 of the World Bank, it takes 76 hours on average to comply with export documentary requirements in Sri Lanka compared to 11 hours in Thailand, 38 hours in India and 50 hours in Vietnam. These indicators highlight the importance of addressing procedural barriers at borders in order to enhance trade competitiveness.

Key features of effective procedures are shown in Figure 4.1 and defined as follows:

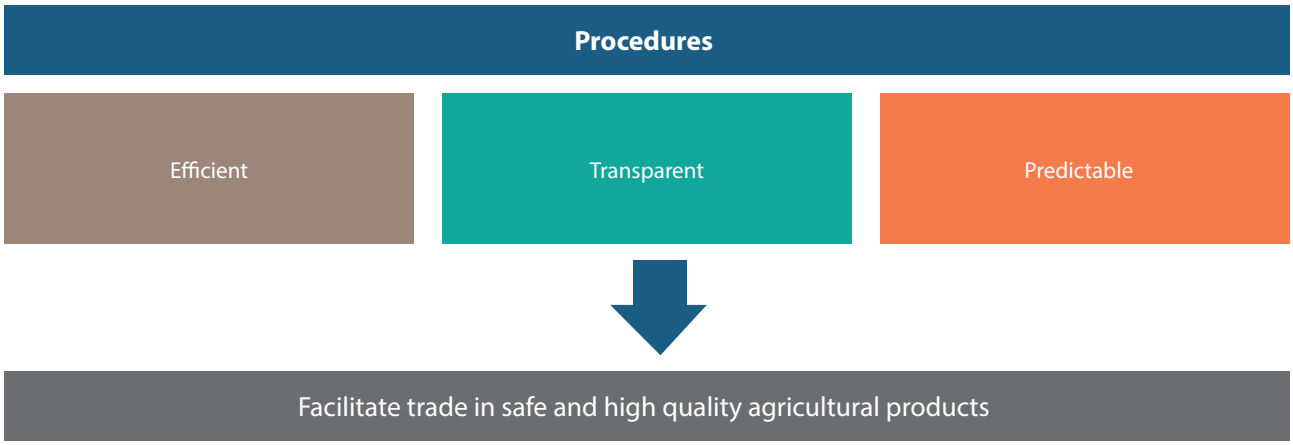
- *Efficient*: A procedure can be considered efficient when
  - **a.** it is the most suitable among all options available to achieve the stated objective;
  - **b.** the time taken to comply is the shortest it can possibly be; and
  - **c.** it is applied in a manner that causes minimum damage to cargo.

- *Predictable*: A procedure can be considered predictable when
  - **a.** it has clearly outlined standard steps;
  - **b.** set timelines; and
  - **c.** it is applied in a consistent and uniform manner avoiding any inappropriate exercise of discretion by Customs- and other trade-related administration officers.

- *Transparent*: A procedure can be considered transparent when
  - **a.** it is developed in consultation with stakeholders;
  - **b.** traders are promptly notified of any amendments/changes to the procedure; and
  - **c.** all relevant information including application forms, timelines and fees, are made available in a timely manner.[38]

The research identified inefficiencies and unpredictability in procedures to be a significant barrier faced by the Sri Lankan exporters of agricultural products. The inefficiencies resulted from several factors; lack of coordination and communication between respective agencies, continuing redundant practices, corruption & pilferage, limited dialogue between public and private sector agencies and the absence of targeted measures to minimise delays and damage to perishable export cargo. The case studies listed in this section demonstrate how inefficient and unpredictable procedures lead to unnecessary costs in terms of both time and money spent on compliance, which compromise the quality of exports.

Figure 4.1 | Key Features of Effective Procedures



4.1. Inefficient Procedures

As highlighted earlier, every hour of delay caused by various procedures adversely affects the quality and competitiveness of perishable agricultural exports. Therefore, being subject to minimum necessary controls and having in place systems to release consignments within the shortest possible time is critical for the export success of agricultural products. The following case studies highlight how excessive controls and delays result in compromising exports.

4.1.1. Case Study: Costs of Inefficient Physical Inspection Procedures

Perishable products such as fruit, vegetables, cut flowers and foliage, and live fish are exported via Bandaranaike International Airport (BIA) at Katunayake. The physical inspection procedure at BIA, which is designed to ensure export compliance with regulatory requirements, creates unnecessary delays and compromises the quality and safety of exported products.

Checked four times by four different authorities

Upon arrival, physical inspection of export cargo is carried out by four agencies at four different locations. The cargo must be loaded and unloaded four times as a result. Every inspection point adds to the number of hours in transit and compromises the quality of the products.

i. Sri Lanka Air Force: All lorries entering the airport premises are stopped just before entry and inspected. This is a security checkpoint that was put in place during the war (before 2009). Although most of the security checkpoints were removed after the end of war, this checkpoint continues to function to this date.

ii. Plant Quarantine/Animal Quarantine: In the case of the NPQS, every shipment to be exported is checked to ensure that it complies with the phytosanitary requirements of the importing country.

iii. Sri Lanka Customs: A random physical inspection is performed to affirm that the shipment complies with the submitted customs declaration documentation.

iv. Sri Lankan Cargo/Airport Security: This inspection is conducted pre-flight by Sri Lankan Cargo to ensure that the shipment tallies with the flight manifest.

Physical inspection is conducted at locations without temperature control and in the case of the Air Force, in open-air areas

As mentioned, the Air Force checkpoint at the entrance to the BIA inspects incoming lorries carrying exportable goods. At this checkpoint, products are inspected in an open area, exposing the perishable goods to not just heat, but also aerial contamination.

To preserve quality and extend shelf life, certain perishable products are pre-cooled for several hours prior to packing for export. At present, boxes carrying pre-cooled products are opened several times by multiple authorities during inspection, exposing the products to heat and compromising their quality.

Temperature is a critical determinant of the quality and shelf life of perishable exports. Exposure to high temperatures post-harvest compromises the quality of agricultural produce resulting in decay, wilting, shrivelling and loss of water.

Therefore, conducting physical inspections in temperature-controlled areas is crucial to preserving the commercial value of export cargo. The burden of multiple physical inspection points is aggravated, as none of the four locations in which physical inspections take place is temperature-controlled.

INEFFICIENT PROCEDURES REDUCE THE QUALITY AND THE QUANTITY OF PERISHABLE EXPORTS

Limiting loading capacity: The Air Force checkpoint requires exporters to leave an aisle in the middle of the lorry for an Air Force officer to walk inside and inspect the cargo. According to some exporters, this reduces the loading capacity of the lorry to only 80% and therefore increases the cost of transport. A further consequence of leaving an aisle in the lorry is the toppling of boxes during transportation, which causes damage to cargo.

Weak handling of perishable cargo: At the Air Force checkpoint, the cargo is generally dumped on the tarmac ground and opened without consideration for the type of product, leading to extreme damage in some cases. In many instances, exporters reported that officers of the

BOX 4A

Reducing the number of physical inspections by adopting risk management techniques

Many studies confirm a 100% physical inspection regime is incapable of identifying all risks. Such a regime also creates an enabling environment for informal payments to speed up the inspection process.[40] This is especially true in the case of perishable exports, where excessive physical inspection is damaging to quality. Hence, profiling a shipment's risk is necessary to avoid such consequences.

Risk management is the systematic application of procedures and practices, which provides border agencies with the necessary information to address movements or consignments that present a risk.[41] The application of risk management and the use of risk-based selectivity - such as the utilisation of red, amber and green channels allows border agencies to allocate scarce resources to high-risk areas while increasing the efficiency of the clearance process for low-risk shipments.[42] The benefits of risk management in customs procedures are as follows:

- Better human resource allocation;
- Increased revenue;
- Improved compliance with laws and regulations;
- Improved collaboration between traders and customs;
- Reduced release time; and
- Lower transaction costs.[43]

For example, Figure 4.2 illustrates how products or traders can be categorised based on risk. This categorisation helps to determine the most appropriate method and frequency of inspection.

respective inspection agencies have not been trained to handle perishable cargo and that little effort has been made by the authorities involved to reduce damage to cargo. For example, when boxes of live fish are opened multiple times, the quality of the fish is compromised. To minimise mortality rates of ornamental fish being exported, and to maximise loading density (i.e. the number of fish that can be packed in a given volume of water), exporters take special measures to reduce the activity of fish during transit: they keep the fish in the dark and reduce the temperature of the water used. Less active fish consume less oxygen and produce less nitrogenous wastes per unit weight.[39] Reducing activity also prevents them from attacking each other, a situation that is likely to arise under the stressful conditions of transportation. The repeated influx of light, caused by the opening of boxes, agitates fish and increases their stress levels, which in turn reduces their rates of survival. Further, additional inspections lengthen the transit time of the cargo, which is a key determinant of the number of fish that can be packed for export -more fish can be packed in a given volume of water if the transit time is shorter. An increased quantity of packed fish would generate more revenue and reduce freight costs, which are based on the weight

Figure 4.2 | Risk Categories Based on Risk Assessment Techniques

Risk categories

Level of hazard	Likelihood of non-compliance: Very low	Low	Medium	High	Very high
High	Lower Medium	Upper Medium	Upper Medium	High	High
Upper mediaum	Lower Medium	Lower Medium	Upper Medium	Upper Medium	High
Lower mediaum	Low	Lower Medium	Lower Medium	Upper Medium	Upper Medium
Low	Low	Low	Lower Medium	Lower Medium	Upper Medium

Source: Better Regulations Delivery Office (BRDO), Department for Business Innovation and Skills, United Kingdom

In the United Kingdom, an application for a certificate of conformity for horticultural imports is processed by the Procedure for Electronic Application for Certificates from the Horticultural Marketing Inspectorate (PEACH). This system assigns a consignment to a risk category using the Import Risk Assessment System (IRAS). This risk assessment can take place up to five days in advance of the produce arriving. The risk categories are: (1) red for high risk - where possible, all consignments in this category are physically inspected; (2) amber for medium risk - an inspector will decide whether a physical inspection is necessary; and (3) green for low risk - the consignments are automatically granted a certificate of conformity.[44]

of the consignment. According to exporters of ornamental fish, the long transit time and inefficient inspection procedures in Sri Lanka reduce export potential by increasing transport costs and reducing the quality and the quantity of the fish exported.

The inspections conducted by the NPQS are important for exporters because importing countries require a phytosanitary certificate issued by the NPQS stating that the shipment is compliant with the phytosanitary requirements of the importing country. However, there is room to reduce the number of NPQS inspections performed by adopting relevant risk management techniques. At present, the NPQS lacks a risk management system at the point of import and at the point of export.

The above examples illustrate the negative effects of inspection procedures that 1) are not tailor-made to address the special concerns/needs of different types of exported products and 2) are conducted in the absence of measures to assess and manage risk. Hence, taking measures to reduce the number of inspections and the transit time is vital to unleashing the export potential of various perishable products.

4.1.2. Case Study: Costs of Redundant Approvals – Import Licenses

As discussed in Section 4.1, procedures adopted must not be excessive and must add value in terms of improving compliance. This applies to agencies that issue certificates, permits or licenses as well. However, the role of the Department of Export and Import Control in issuing import/export licenses at present is a redundant one. It is merely an additional documentary requirement for traders and adds no value from a regulatory perspective. This additional step involves unnecessary cost to traders both in terms of money and time.

The Department of Export and Import Control was created under the Import and Exports (Control) Act No. 1 of 1969. The institution played an important role pre-1977 when almost all products imported/exported from Sri Lanka were subjected to a license. Although Sri Lanka shifted its economic policy in 1977 and abolished most of the previous licensing requirements, the Department continues issue import/export licenses for over 900 products. To get a license issued by the Department, the importer/exporter has to first get a recommendation from the respective line Ministry or Government Agency.

For example, importers of fertilizer, pesticides and hormones are required to obtain an Import Control License. The issuance of the Import Control License is governed by the Special Import License and Payment Regulations, No. 1 of 2011 as amended by regulations published in the Extraordinary Gazette No. 1813/14 of 2013 under the Imports and Exports (Control) Act, No. 1 of 1969 and exercised by the Department of Import and Export Control.[45]

The issuance of the Import Control License is subject to the following:

- Fertilizer - The applicant should have a letter of recommendation issued by the National Fertilizer Secretariat.
- Hormones - The applicant should have a letter of recommendation issued by the Ministry of Agriculture.
- Pesticides - The applicant should have a letter of recommendation issued by the Registrar of Pesticides.

After obtaining a recommendation from the relevant authority, the trader has to visit the

Department in person to obtain the import/export license for each and every shipment. As mentioned before, the involvement of the Department from a regulatory perspective is redundant, since the necessary regulatory approvals are conducted by the respective government agencies that provide the recommendation. The Department merely issues the permit/license based on this recommendation.

Hence, the Department does not add much value from a regulatory perspective. Neither does it add much value from a revenue perspective. In order to obtain the license, the trader has to pay a fee of 0.2% of CIF value of the shipment to the Department.[46] The revenue collected by the Department of LKR 1.1 billion contributed to only 0.08% of the country's tax revenue in 2015.[47] Hence, the importance of the function of the Department as a means of collecting revenue must be evaluated in terms of its impact of increasing red tape and adding to the transaction costs of trading.

4.1.3. Case Study: Costs of Delays due to Weak Inter-Agency Coordination

Seafood exporters experience significant delays due to limited coordination between complementary regulatory authorities, in issuing the necessary approvals for exporters to be compliant. These delays can on occasion, harm the activities of exporters. The main permits required are:

i. Health Certificate – issued by the Department of Fisheries and Aquatic Resources (DFAR) – Post Harvest Division.

ii. Management License to farm in open waters – issued by the National Aquaculture Development Authority (NAQDA).

iii. Laboratory test report for quality compliance – issued by the National Aquatic Resources Research and Development Agency (NARA).

NARA conducts regular tests at export processing plants approved by the Department of Fisheries and Aquatic Resources. NARA's test reports are prerequisites for the issuance of the Health Certificate that must accompany export shipments. However, coordination between NARA and the Department of Fisheries in this regard is weak: in interviews, multiple exporters reported that test results were not provided by NARA to the DFAR on time. As a result, the DFAR was delayed in issuing Health Certificates, which in some cases, resulted in exporters missing buyer deadlines.

BOX 4B

Improved coordination to reduce multiple overlapping inspections

Coordination and cooperation of border agencies contribute to reduced costs of compliance and enforcement; increased efficiency; and decreased operating costs. Benefits for the trading community include:

- simplification of document preparation (lower compliance costs for the declarant);
- faster border-crossing resulting from joint, coordinated physical inspections with shared risk management processes, and control and payment procedures;

- reduced pressure on the infrastructure;
- cost savings in administration, streamlined procedures, and improved working conditions for government officials due to the use of shared information, common premises and resources; and
- reduced staff needs owing to task sharing among different agencies, which liberates skilled human resources for other activities.[48]

Experience of other countries

Jamaica: The Jamaica Import/ Export Inspection Centre (JIEIC) reduced the turnaround time for the inspection of commercial goods coming into the country from an average of 24 hours to an average of four hours in the span of six years. The Centre brought all regulatory agencies responsible for inspection and clearance into one location, no longer requiring clients to visit multiple agencies in various locations, which would often take longer than 24 hours. The agencies include the Ministry of Agriculture and Fisheries (Veterinary and Plant Quarantine Divisions); Ministry of Health (Public Health, Pesticide Control Authority and Pharmaceutical Division); Ministry of Industry Investment and Commerce (Bureau of Standards Jamaica, Food Storage and Prevention of Infestation Division); as well as the Jamaica Customs Agency.[49]

Cambodia: Prior to 2008, 11 Cambodian government agencies were actively involved in the clearance of international consignments; the five principal agencies were Customs, Health, Agriculture, Industry and CamControl. Clearance activities were characterised by ineffective controls, overlap and duplication, and a lack of inter-agency coordination. Further, there was no risk-based approach to compliance management. The resultant costs, delays and regulatory complexities served as significant impediments to trade. To address these problems, the Cambodian Government embarked on a significant reform process centred on a risk-based system of cargo inspection across all government agencies that bear border management responsibilities. Key elements of the revised strategy include coordinated agency activities including joint inspection arrangements; intervention based on identified risk; and active facilitation of legitimate, low-risk consignments.[50]

4.2. Unpredictable Procedures

Predictability of time and cost taken to comply with regulations is a critical factor that determines trade competitiveness. This feature forms an integral part of a company's ability to consistently deliver on time to its trading partner and establish a reputation. Predictability can only be achieved when government agencies have clearly-outlined, standard procedures that are administered within a defined time period. The trader must be able to know with confidence that if the outlined procedure is followed and the listed documents are submitted, then the trader will be able to clear cargo within the given period of time.

4.2.1. Case Study: Delays due to Time-Consuming and Cumbersome Procedures - Importing Fertilizer

The majority of the local agriculture sector's fertilizer needs are met through imports. The quality, cost and timely availability of fertilizer is

a critical determinant of the country's agriculture productivity and export potential. Some exporters require special formulations of fertilizer that comply with the requirements of their buyers. The current procedures in place for importing fertilizer are cumbersome, time consuming and unpredictable and often result in significant delays.

In Sri Lanka, all fertilizer imported into the country is subject to the approval of the NFS. The procedure for the importation and release of a shipment of fertilizer from the Colombo Port is a lengthy process, involving the following steps:

a. Importer obtains Order Approval from NFS;

b. Importer places order for importation as per Order Approval;

c. Importer requests No Objection Letter from NFS at least five to seven days prior to arrival of shipment;

d. NFS issues 'No Objection Letter';

e. On arrival of shipment at Colombo port, importer presents it to the Director General of Customs, together with Bill of Lading and Invoice;

f. Once consent is given, the consignment is released from the port;

g. One-tenth of the shipment is moved to Rank Container Terminal yard in Orugodawatta for inspection;

h. Importer lodges a request for NFS inspection at least 48 hours prior to NFS inspection;

i. NFS conducts inspection; and

j. Shipment is released.[51]

Delays in issuing No Objection Letters and conducting inspections: The above process outlines timelines that the importer must comply with for the shipment to be released. However, it does not stipulate a time by which delivery by the NFS can be expected. In this regard, the importers experience frequent delays of about two to three weeks in Step (d) and of about three to four days in Step (i).

BOX 4C

Use of Information and Communication Technology (ICT) to cut down red tape and improve efficiency: An example from Malaysia

Malaysia uses the Electronic Permit (ePermit) system; a paperless, web-based permit application system that enables importers, exporters and forwarding agents to apply for import/export permits from Permit Issuing Agencies (PIAs). Application, processing and issuance of import permits have been done by the online system (ePermit) since 2007.[52] As of 2010, ePermit connected 17 permit-issuing agencies, 10,714 users, and registered RM 12 billion worth of combined annual trade buying volume flowing through its gateway. Approximately 284,655 permits were transacted in 2009 with each electronic cycle taking less than a day.[53]

Delays in test reports add to storage cost: Importers are not permitted to use or distribute the fertilizer until test reports on standards compliance are issued. The delays in test reports result in constant delays in the release of shipments from warehouses. In general, shipments are released for use and distribution approximately one month after arrival, causing importers to incur significant storage costs.

5

INFORMATIONAL BARRIERS

As discussed in Sections 3 and 4, transparency is a vital element of effective regulatory mechanisms. Accurate and timely information on regulations and procedures, that is available in a user-friendly manner, better equips traders to make business decisions to maximise their export success, and as discussed earlier, enhances their compliance with regulation. In the case of agricultural products, it is important for traders to have accurate information on regulations; control and inspection procedures; production and quarantine treatment; pesticide tolerance levels; risk assessment procedures; packaging and labelling requirements; fees charged; and the timelines required for procedures. In addition, effective administrative systems in trade regulation must ensure:

- *Publication of drafts proposing amendments to existing legislation and procedures, which provide the opportunity for relevant stakeholders to provide comments/observations.*
- *Prompt notification of final changes in legislation or new procedures introduced, which would allow sufficient time for the traders to get acquainted with changes.*

Lack of awareness of changes in trade regulations/procedures can result in products being rejected at the border due to non-compliance, which can be costly to traders. Implementing the two measures noted above would help enhance compliance and reduce unnecessary costs to traders. Increased transparency also reduces opportunities for corruption and the collection of informal payments that arise as a result.[54]

As outlined in Figure 5.1, effective communication of regulations and procedures requires policy makers to make accurate information publicly available in a timely and user-friendly manner. Emphasis is placed on the "public" availability of information, and not mere availability, since the practice of making information "privately" available to selected parties breeds corruption and increases transaction cost of trading through

duplicative individual efforts. Consequently, this practice denies businesses equal opportunity in participating in international trade and constitutes a barrier to trade.

The failure of agencies to provide the necessary information results in delays and in some instances in the failure to meet orders. Many traders interviewed in this study experienced ad hoc changes in procedure, often accompanied by a change in the Head of the relevant regulatory authority. As the traders are not notified of these changes in a timely manner by formal channels, they are forced to depend on informal channels (e.g. clearing agents, officials in the respective agencies etc.) to obtain the necessary information. This practice leaves room for corruption and is a disadvantage for traders who do not have access to these informal channels.

5.1. Limited Availability of Information

Publication of information online can significantly reduce information search costs. Further, it is a faster and easier way of notifying the traders of changes to regulations and procedures than traditional printed methods. Even though most border-related government agencies in Sri Lanka have websites, an analysis of information available on these websites indicates that the respective agencies fail to provide even basic information such as accurate contact details, application forms, procedures to obtain the necessary approvals, fees and timelines to complete the procedure.

5.1.1. Case Study: Limitations of Information Published on Websites

Current web technology allows governments to share an unlimited quantity of information with the public in an instant. Information dissemination through websites has a significant advantage to other modes as it is accessible from anywhere at any time and it can overcome time and geographical barriers. Another advantage over printed information is its searchability aspect, which significantly reduces the time and cost of finding necessary information. The instant and convenient access to government information through websites is especially beneficial to small and medium industries and businesses located outside Colombo, who would otherwise have to send people to Colombo to physically obtain the necessary information. The increased accessibility of online information also reduces room for corruption and maintains a more level playing field among traders.

Figure 5.1 | Key Features of Effective Communication

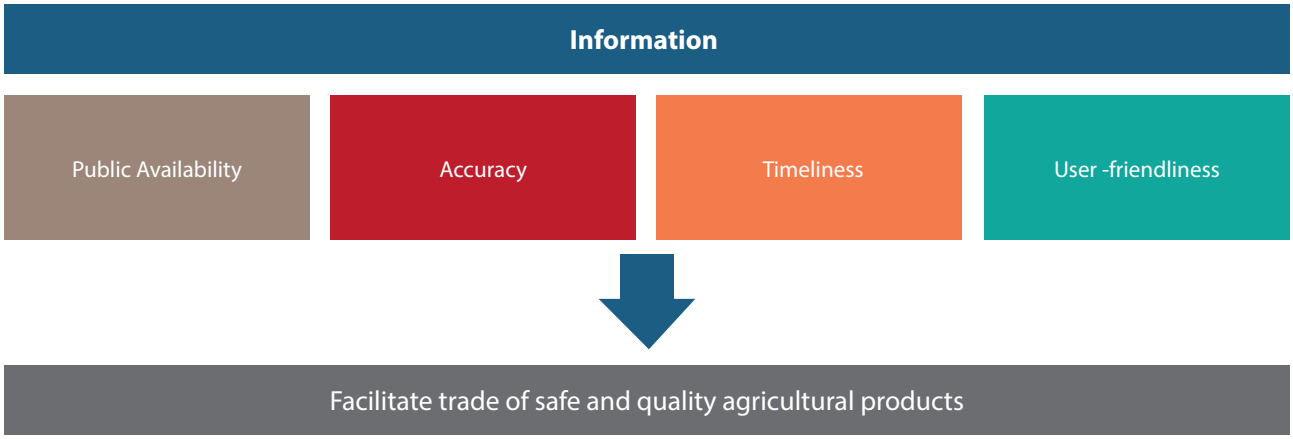


Table 5.1 outlines the degree of basic information published through websites of the key government agencies considered under this study.

As shown in the table above, three of the seven agencies listed - Forest Department, Department of Fisheries and Department of Import and Export Control - maintain their own websites.[55] Another three agencies - National Plant Quarantine Service, Seed Certification and Plant Protection Centre and Registrar of Pesticides - do not have their own websites; however, some information regarding the import and export procedures of these agencies is included under the website of the Department of Agriculture. The National Fertilizer Secretariat is under the Ministry of Agriculture, but no information on it is available under the Ministry website. Overall, only 36% of the required information was made available online, while the remaining 64% of information could only be obtained by either physically visiting the premises of the respective agency or via phone call, provided the correct contact details are available or known to the exporter/importer.

5.1.2. Case Study: Costs of the Failure to Provide Timely Notifications

Certain varieties of fruit and vegetables require specific imported fertilizer formulations other than the commonly used formulations of Nitrogen [N], Phosphate [P_2O_5] and Potassium [potash, K_2O]. For example, one cultivator of export-quality strawberries requires Magnesium Nitrate [$Mg(NO_3)_2$] and Calcium Nitrate [$Ca(NO_3)_2$] as fertilizers. These fertilizers require additional approvals from the Ministry of Defence as they are classified as explosive materials. The following

Table 5.1 | Information Availability under Key Regulatory Authorities

	Functional Contact Point	Up-to-date Application Form	Time taken	Fees	Restrictions/Prohibitions	Procedures
National Plant Quarantine Service	✗	✓	✓	✗	✗	✓
Forest Department	✓	✗	✓	✗	✗	✓
Department of Fisheries	✗	✗	✗	✗	✗	✓
Seed Certification and Plant Protection Centre	✗	✓	✗	✗	✗	✗
National Fertiliser Secretariat	✗	✗	✗	✗	✗	✗
Registrar of Pesticides	✗	✓	✗	✗	✗	✗
Department of Import and Export Control	✓	✓	✓	✓	✓	✓

1 *Source: Government of Sri Lanka websites, as at 16th January 2016. For details regarding each agency, refer Annex 2.*

documentation is required for approval from the Ministry of Defence:

i. A written request from the importer detailing why the fertilizer is required;

ii. NFS approval affirming that the materials will be used for fertilizer formulation; and

iii. Information about the yearly need of the materials for fertilizer [56]

However, changes in procedure have caused much confusion to importers. For example, in the case of one importer, the need for additional approvals from the Department of Agriculture was communicated only after the arrival of the shipment at the Port. Consequently, instead of taking the usual three days to be released from the Port, the time taken was three months, resulting in significant demurrage costs to the importer.

5.2. Difficulty in Finding Information

To enhance accessibility, it is important to publish information in a user-friendly manner. In Sri Lanka, in many instances, trade-related agencies fail to make information available in a user-friendly manner. Information pertaining to exports and imports is scattered across several websites. This problem will hopefully be addressed in the near future through a National Trade Portal referred to in Box 5A.

5.2.1. Case Study: Failure to Publish Information in a User-friendly Manner

It would be expected that all information related to the regulation of export and import of fish and fisheries products would be made available on the website of the Department of Fisheries and Aquatic Resources (fisheriesdept.gov.lk), which is the authority responsible for regulating exports of fish and other aquatic resources. However, information related to the procedure of exporting fish and fisheries products was not available on this website; instead, it was listed on the website of the Government Information Centre (gic.gov.lk), as shown in Figure 5.2.

Further, to access information on any given procedure related to a product requires visiting multiple websites. For example, the application form and necessary guidelines in relation to the issuance of phytosanitary certificates for exporting via the Airport is published on the Department of Agriculture website (doa.gov.lk),[57] while information on the times and fees applicable are published on the website for the Government Information Centre (gic.gov.lk).[58] Similarly, application forms required to import pesticides into Sri Lanka are available on the DOA website,[59] while information regarding registering of pesticides is available on Government Information website.[60]

In addition, finding information on applicable taxes and exemptions at the point of import is cumbersome. In addition to being subjected to import duty, Sri Lankan imports are also subjected to other para-tariffs – such as Import Cess and Port and Airport Development – which are revised several times a year. Although the Sri Lanka customs website publishes all duty and tax changes in a timely manner, the information is scattered across multiple PDF documents, and is therefore cumbersome to find. At present, it is not possible to easily search for applicable taxes by HS code through a single document or website.

Although information may be available to the public, there are instances where its reliability – especially that of online information - is

Figure 5.2 | Government Information Webpage on Obtaining of Quality Certificates for the Export Fisheries Products

Source: Government Information Centre (www.gic.gov.lk)[61]

questionable. This problem arises mainly because the respective authorities fail to review and update information periodically.

5.2.2. Case Study: Failure to Review and Update Information

The study discovered instances where information that is currently available online is not up-to-date. For example, interviews with the authorities at the Forest Department revealed that their application form for permits for the export of plants, seeds of forest trees species, and other forest produce (found on the department website http://www.forestdept.gov.lk),[62] is outdated and no longer valid. Similarly, information regarding the process of obtaining quality certificates from the Department of Fisheries and Aquatic Resources (available on the Government Information Centre website http://www.gic.gov.lk) has been last updated over eight years ago and is no longer up-to-date (see Figure 5.2).

5.2.3. Case Study: Costs of Non-functional Contact Points

The most basic information that a government agency should make available is a functional contact point, where traders can contact the relevant office to find necessary information. As indicated in Table 5.1, the contact information provided in relevant websites is not reliable. Frequently, telephone numbers and email addresses do not work. For example, at least five of the telephone numbers provided as contact points on the Sri Lanka Customs websites were non-functional.[63]

When contacting an agency via telephone to obtain information, it is common to be transferred to several officers (on average at least four times) before a query gets answered.

Failure to provide accurate contact details can have far reaching consequences. One example of this is the failure of NPQS to ensure that the email address they provided to receive notifications from other trading-partner countries was functional. EU Member States notified the NPQS regarding a total of 544 interceptions on fruit, vegetables and plants for planting (including aquatic plants) from Sri Lanka between 01 January 2011 and 31 December 2014 using EUROPHYT, the EU's notification system for plant health interceptions. 422 of these interceptions were due to the presence of harmful organisms. The remaining 122 were due mainly to non-compliant or missing phytosanitary certificates.[64] However, NPQS did not receive these notifications on time, as the email address they provided, to which EUROPHYT forwarded the information, was no longer in use. As a result, NPQS failed to take the required corrective actions and the interceptions grew to a level requiring the EU to launch a full-scale audit of the NPQS in 2015. It was only following the audit that information regarding export procedures to the EU was clarified and corrective measures taken.[65] The delay caused by the NPQS in its failure to update their contact details accurately caused fruit and vegetable exporters - over 80% of whom operate on small and medium scales i.e. an annual export turnover of LKR 60 million or less[66] - to incur significant losses.

BOX 5A

Trade information portals - Providing information in one easy-to-access location

Many countries have introduced a Trade Information Portal as a means of facilitating trade and increasing transparency. **A Trade Information Portal** is designed to enable traders to access all relevant trade rules, regulations, procedures, fee schedules and forms from all border management agencies through a single user-friendly web site.[67] Countries in the region that have functional trade portals include India, Nepal, Bangladesh, Cambodia, Indonesia and Myanmar.[68] Many more countries, including Sri Lanka, are contemplating putting in place a National Trade Portal. The Government of Sri Lanka in its 2017 Budget made a commitment to establish and implement a National Trade Information Portal.[69] Discussions with stakeholders revealed that the World Bank has agreed to assist in implementing this proposal.

The benefits of a Trade Information Portal are as follows:

- All regulatory information - provided it is comprehensive, accurate and up-to-date – is accessible in one location;
- Traders can save substantial time and costs if they can obtain proper guidance without the need to seek in-person advice from several locations; and
- Having one single authoritative reference point to eliminate conflicts, such as those about potential penalties for non-compliance.[70]

However, it is important to note that maintaining a website of this nature is challenging as information needs to be continuously updated to ensure that it remains relevant and useful. As noted by the World Bank, the level of success of such a website depends on:

- Ability to collect complete and accurate quality information from all the agencies and aggregate it in a user friendly and informative way;
- Authority of the lead agency to manage agencies who are unwilling or unaccustomed to sharing information;
- Ability to sustain inter-agency collaboration; and
- Ability to ensure the website remains relevant and up-to-date.

Without proper institutional arrangements to ensure a proactive supply of information from the agencies to the Trade Information Portal, there is a risk that the flow of information will dry up and agencies will fall back on their old problematic methods for disseminating information to the public.[71] Therefore, it is essential to the success of a Trade Information Portal that possible risks and impediments are assessed and the corresponding remedies are formulated in advance.

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ANNEXURES

Annex 1: Key Regulations Governing Agricultural Trade

	Legislation	Regulatory Agency	Objectives	Relevant Regulations under the Act
1	Plant Protection Act, No 35 of 1999	Department of Agriculture	To make provision against the introduction into Sri Lanka and the spreading therein, of any organism harmful to, or injurious to, or destructive of plants and for the sanitation of plants in Sri Lanka.	The Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary, No. 165/2 of 02 November 1981
2	Seed Act, No. 22 of 2003	Department of Agriculture	To regulate the quality of seed and planting materials and to provide for matters connected therewith or incidental thereto.	
3	Forest Ordinance No. 16 of 1907 Last amended by Forest (Amend-ment) Act No. 65 of 2009	Forest Department	To consolidate and amend the law relating to forests and the felling and transport of timber.	Forest Rules 1979 (No. 1 of 1979) Forest Regulations 1979 (No. 1 of 1979) Forest Regulations 1979 (No. 2 of 1979) Forest Regulations 1979 (No. 4 of 1979)
4	The Fauna and Flora Protection Ordinance, No. 2 of 1937 Last amended by Fauna and Flora Protection (Amendment) Act, No. 22 Of 2009	Department of Wildlife Conservation	To provide for the protection of the fauna and flora of Sri Lanka.	

5	National Environmental Act No. 47 of 1980 Last amended by National Environmental (Amendment) Act, No. 53 of 2000	Central Environmental Authority	To establish a central environmental authority; To make provision with respect to the powers, functions and duties of that authority; To make provision for the protection and management of the environment and for matters connected therewith or incidental thereto; To make provision for the protection, management and enhancement of the environment, for the regulation, maintenance and control of the quality of the environment; for the prevention, abatement and control of pollution.	
6	Fisheries and Aquatic Resource Act No. 2 of 1996 Last Amended by Fisheries and Aquatic Resources (Amendment) Act, No. 2 Of 2016	Department of Fisheries and Aquatic Resources	To provide for the management, regulation, conservation and development of fisheries and aquatic resources in Sri Lanka	Fish Products (Export) Regulations, 1988 Export and Import of Live Fish Regulations, 1998 Fish Processing Establishments Regulations, 1998

7	Control of Pesticides Act, No. 33 of 1980	Office of the Registrar of Pesticides, Department of Agriculture	To provide for the licensing of pesticides; To regulate the import, packing, labelling, storage, formulation, transport, sale and use thereof; for the appointment of a licensing Authority for pesticides; for the establishment of a pesticide formulary committee and for matters connected therewith or incidental thereto	The Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary, No. 263/17 of 22 September 1983 The Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary, No. 961/15 of 07 February 1997 The Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary, No. 1854/47 of 21 March 2014 The Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary, No. 1870/63 of 10 July 2014 The Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary, No. 1894/4 of 22 December 2014 The Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary, No. 1937/35 of 23 October 2015 The Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary, No. 1994/71 of 24 November 2016 The Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary, No. 1999/33 of 28 December 2016
8	Regulation of Fertilizer Act No. 68 of 1988	National Fertilizer Secretariat	To regulate the importation, manufacture, formulation and distribution of fertilizer; To provide for matters connected therewith or incidental thereto	Fertilizer (Import, Manufacture and Formulation) Regulations, No. 1 of 2010

Annex 2: Details of Information Available under Regulatory Agencies

National Plant Quarantine Service	
Updated Contact Point	Not Available
Up-to-date Application Form	Application for a permit to import planting material, seeds and plant products available at: https://www.doa.gov.lk/forms/English/plant_Quarantine_procedure/2_application/1_NPQS_Application.pdf Application for a phytosanitary certificate available at: https://www.doa.gov.lk/forms/English/plant_Quarantine_procedure/4_certification/1_application_for_a_phytosanitary_certificate.pdf
Time taken	Time taken for Issuing phytosanitary certificate on agricultural commodities at the Katunayaka International Airport available at: http://gic.gov.lk/gic/index.php?option=com_info&id=1307&task=info&lang=en&Itemid=
Fees	Fees for Issuing phytosanitary certificate on agricultural commodities at the Katunayake International Airport available at: http://gic.gov.lk/gic/index.php?option=com_info&id=1307&task=info&lang=en&Itemid=
Restricted/ Prohibited Item List	Plant and Plant Materials Prohibited for Import under the Plant Protection Act No. 35 of 1999: Not Available
Procedures	Guidelines for Import of Plants, Plant Products and Organisms available at: https://www.doa.gov.lk/forms/English/plant_Quarantine_procedure/1_guideliness/genaral_procedure_for_imports_of_plants_&_plants_Products.txt Guidelines for export of Plants, Plant Products and Organisms: Not Available
Forest Department	
Updated Contact Point	Contact Details available at: http://www.forestdept.gov.lk/web/index.php?option=com_content&view=article&id=125&Itemid=133&lang=en
Up-to-date Application Form	Application for Export of Plants, Seeds of Forest Trees Species and Other Forest Produce available at: http://www.forestdept.gov.lk/web/images/pdf/forest_products_export_application.pdf Not Updated (as confirmed by the Forest Department)

Time taken	Time taken to issue Permits for Export of Timber, Timber products, Plants (Aquatic & Non aquatic) and seeds available at: http://www.gic.gov.lk/gic/index.php?option=com_info&id=1145&task=info&lang=en
Fees	Fees for issuing Permits for Export of Timber, Timber products, Plants (Aquatic & Non aquatic) and seeds available at: http://www.gic.gov.lk/gic/index.php?option=com_info&id=1145&task=info&lang=en Not Updated (as confirmed by the Forest Department)
Restricted/ Prohibited Item List	Not Available
Procedures	Procedure issue Permits for Export of Timber, Timber products, Plants (Aquatic & Non aquatic) and seeds available at: http://www.gic.gov.lk/gic/index.php?option=com_info&id=1145&task=info&lang=en
Department of Fisheries and Aquatic Resources	
Updated Contact Point	Contact Details available at: http://fisheriesdept.gov.lk/v3/en_US/contact-us/ Not Available
Up-to-date Application Form	Not Available
Time taken	Time taken to Obtain of Quality Certificates for the Export Fisheries Products available at: http://www.gic.gov.lk/gic/index.php?option=com_info&id=455&catid=57&task=info&lang=en Not Updated
Fees	Fees for Obtaining of Quality Certificates for the Export Fisheries Products available at: http://www.gic.gov.lk/gic/index.php?option=com_info&id=455&catid=57&task=info&lang=en Not Updated
Restricted/ Prohibited Item List	Fisheries and Aquatic Resources prohibited or restricted under the Fisheries and Aquatic Resource Act No. 2 of 1996: Not Available
Procedures	Procedure to Obtain of Quality Certificates for the Export Fisheries Products available at: http://www.gic.gov.lk/gic/index.php?option=com_info&id=455&catid=57&task=info&lang=en
Seed Certification and Plant Protection Centre	
Updated Contact Point	Not Available

Up-to-date Application Form	Application for a permit to import planting material, seeds and plant products available at: https://www.doa.gov.lk/forms/English/plant_Quarantine_procedure/2_application/1_NPQS_Application.pdf Application for a phytosanitary certificate available at: https://www.doa.gov.lk/forms/English/plant_Quarantine_procedure/4_certification/1_application_for_a_phytosanitary_certificate.pdf
Time taken	Not Available
Fees	Not Available
Restricted/ Prohibited Item List	Not Available
Procedures	Guidelines for The Testing of Vegetable Varieties Imported by The Private Seed Companies (2015): Not Available
National Fertiliser Secretariat	
Updated Contact Point	Not Available
Up-to-date Application Form	Not Available
Time taken	Not Available
Fees	Not Available
Restricted/ Prohibited Item List	Not Available
Procedures	Not Available
Registrar of Pesticides	
Updated Contact Point	Not Available
Up-to-date Application Form	Application for Registration of Pesticides available at: http://www.doa.gov.lk/forms/English/Applications/1_registration_of_pesticides.pdf Application for Re-registration of a pesticide available at: http://www.doa.gov.lk/forms/English/Applications/2_application_for_re-registration_of_a_pesticide.pdf Application for Importation of pesticides available at: http://www.doa.gov.lk/forms/English/Applications/3_application_for_importation_of_pesticides.pdf

Time taken	Not Available
Fees	Not Available
Restricted/ Prohibited Item List	Not Available
Procedures	Not Available
Department of Import and Export Control	
Updated Contact Point	Contact Point available at: http://www.imexport.gov.lk/web/index.php?option=com_content&view=article&id=57&Itemid=117
Up-to-date Application Form	Common Application Form for Importing Drugs, Chemicals and Miscellaneous Goods available at: http://www.imexport.gov.lk/web/images/PDF_upload/applications/uni135.pdf
Time taken	Time taken for Import Control Licensing Procedure for Importation of Chemicals available at: http://www.imexport.gov.lk/web/images/PDF_upload/Guidelines/chemicals%20new.pdf
Fees	Fees for Import Control License for Importation of Chemicals available at: http://www.imexport.gov.lk/web/images/PDF_upload/Guidelines/chemicals%20new.pdf
Restricted/ Prohibited Item List	The restrictions and prohibitions governing imports under the Import and Export Control Act No. 1 of 1969 are available at: http://www.imexport.gov.lk/web/images/PDF_upload/Commodities/1813_14e.pdf
Procedures	Guidelines on Import Control Licensing Procedure for Importation of Chemicals available at: http://www.imexport.gov.lk/web/images/PDF_upload/Guidelines/chemicals%20new.pdf

Annex 3: Characteristics of Trade Information Portals in Selected Countries

Country	Link	Laws and legal instruments	Commodity classification and tariffs	Special Measures (such as, prohibitions)	Technical Standards	Details of Free Trade Agreements	Procedures	Forms	Publications	News and announcement	Contact details
India	http://www.indiantradeportal.in/	✓	✓	✓			✓		✓	✓	✓
Cambodia	http://www.cambodiantr.gov.kh/	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Botswana	http://www.botswanatradeportal.org.bw/	✓	✓		✓	✓	✓	✓	✓	✓	✓
Laos PDR	http://www.laotradeportal.gov.la/	✓	✓		✓	✓	✓	✓	✓	✓	
Vietnam	http://ntr.moit.gov.vn/	✓	✓				✓		✓	✓	
Singapore	http://www.fta.gov.sg/	✓				✓	✓		✓	✓	
Malaysia	http://mytraderepository.customs.gov.my/	✓	✓			✓	✓		✓	✓	✓
Thailand	http://www.thailandntr.com/	✓	✓			✓	✓		✓	✓	✓
Myanmar	http://www.myanmartradeportal.gov.mm/	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nepal	http://www.nepaltradeportal.gov.np/	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Philippines	http://pntr.gov.ph/	✓	✓			✓	✓	✓	✓	✓	✓
Bangladesh	http://www.bangladeshtradeportal.gov.bd/	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Indonesia	http://eservice.insw.go.id/	✓	✓	✓						✓	

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