

Public Finance Circular No: 415

Treasury No: PUB/FIN/T/02/10

Department of Public Finance,

General Treasury, Colombo 01.

06. 05. 2005

To: All Secretaries to Ministries,
Chief Secretaries of Provincial Councils,
Heads of Departments,
Chairman of State Corporations, Statutory Boards,
Government Owned Companies,
Heads of Local Authorities and Project Directors
And Governor of Central Bank.

**RESERVATION OF IMPORT CARGO FOR THE
CEYLON SHIPPING CORPORATION LIMITED (CSCL)**

1. Your kind attention is drawn to public Finance Circular No. Fin 347, dated 03rd September 1996, with regard to the above matter.

The Cabinet has decided at its meeting held on 21. 12. 2004 to continue the Government Import Cargo Reservation Scheme for the Ceylon Shipping Corporation Limited, with immediate effect.

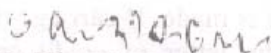
Therefore, it is a requirement that all government agencies such as Ministries, Departments, Corporations, Statutory Boards including Foreign Funded Projects, Government owned Companies which import cargo from foreign countries should make their purchases on FOB terms or any other similar INCO terms as stipulated in their Letters of Credit (L/C) that the cargo should be carried on Ceylon Shipping Corporation vessels.

2. All government agencies should invite offers for cost of goods (FOB terms or any other similar INCO terms excluding freight) and freight (C & F terms or any other similar INCO terms) separately when calling tenders. It would then be possible for those government agencies to take up with the CSCL to negotiate the best terms for shipping goods and to consider whether it would be cheaper on the overall to import on 'freight payable at destination basis' (FOB terms or any other similar INCO terms for payment of freight at destination) through CSCL. It is therefore imperative that CSCL be consulted before a final award is made. If carriage through CSCL is favorable a clause should be inserted in the letter of credit and sale contract that 'cargo should be shipped on a vessel of CSCL or a vessel nominated by CSCL under CSCL Bill of Lading on freight payable at destination basis'.

3. All departments and purchasing institutions should submit one copy of the Proforma Invoice indicating freight, to CSCL before placing the order / opening L/C with the following information to obtain the written confirmation from CSCL.

that it could accept carriage on 'freight payable at destination basis' at competitive freight rates or at most without exceeding the rates of the suppliers freight quotation. If CSCL freight is higher than the suppliers quotation a written waiver should be obtained from CSCL enabling to entrust the suppliers to arrange shipment according to their quotation on freight pre- paid basis.

4. All government agencies should submit one copy of the purchase order to the CSCL within one week of placing the order, with the following information.
 - (a) Nature of cargo;
 - (b) Approximate quantity of cargo in tons/ cubic meters/ number of packages and measurements of packages;
 - (c) FOB value;
 - (d) Full particulars of the supplier and the probable part of shipment;
 - (e) The approximate delivery dates;
5. At present the CSCL provides regular liner services from all over the world. Contact details of the CSCL agents could be obtained from the CSCL web site www.cscl.lk or from the corporations' liner department on Tele. / Fax No. 2325744 / 2449486.
6. All government agencies should ensure that the suppliers of their cargo are requested to contact these agents in order to arrange shipments under CSCL Bill of Lading once freight is agreed with CSCL.
7. No commercial bank shall open L/C for imports by any government institutions without stipulating that the cargo must be carried under CSCL Bill of Lading unless a letter of waiver signed by the liner manager of CSCL is enclosed to the documents forwarded to open L/C or any other type of import payment documents.
8. Secretaries to Ministries are requested to bring the contents of this circular to the notice of corporations, boards, other statutory bodies and government owned companies under their Ministries, for compliance.
9. The Governor of the Central Bank is requested to advise all commercial banks to strictly implement this regulation as mention in para. 7 above.


S.B. Divaratne
Deputy Secretary to the Treasury.

Copy to : Auditor General