FAST-TRACK TRADE FACILITATION TO BRIDGE THE GAP WITH REGIONAL COMPETITORS

THE PROPOSAL

Sri Lanka's ability to compete in global trade is being undermined by its failure to modernise trade facilitation in line with competitors. Trade facilitation—simplifying, streamlining, and automating procedures—reduces the time, cost, and unpredictability of cross-border trade. In South and Southeast Asia, competitors such as India and various ASEAN members have invested heavily in reforms, creating faster and more transparent systems that attract investment and strengthen exports.

In contrast, Sri Lanka has lagged in the:

- Implementation of the **WTO Trade Facilitation Agreement (TFA).**
- Implementing a **National Single Window (NSW)**
- Accession to the **Madrid Protocol**

Verité Research recommends fast-tracking trade facilitation by prioritising three low-hanging fruits:

1. Implement the WTO TFA without delay.
2. Fast-track the automation of border agencies and integrate them into a National Single Window, which remains non-functional after three decades.
3. Fast-track accession to the Madrid Protocol, which is a low-cost, high-impact step to help exporters build and protect Sri Lankan brands abroad.

SHORT ABSTRACT

Sri Lanka is falling far behind its regional peers in modernising trade facilitation, leaving exporters at a severe competitive disadvantage. While India and many ASEAN countries have implemented the WTO Trade Facilitation Agreement, operate functional National Single Windows, and acceded to the Madrid Protocol, Sri Lanka has stalled on all three. A comprehensive initiative to fast-track these reforms would cut costs, reduce delays, and enable Sri Lankan exporters to compete on equal terms in global markets.

SUB-PROPOSAL 1.1: FAST-TRACK IMPLEMENTATION OF WTO TRADE FACILITATION AGREEMENT

PROPOSAL

To expedite full implementation of the WTO Trade Facilitation Agreement (WTO TFA), Sri Lanka should:

- **Strengthen the National Committee on Trade Facilitation (NCTF):** Provide adequate resources and high-level leadership to drive and coordinate implementation. Expand its membership to include all permit-issuing agencies and ensure active and consistent participation by senior officials.
- **Publish a National Trade Facilitation Action Plan:** Enhance effectiveness and accountability by publishing a comprehensive, time-bound action plan that maps responsibilities, milestones, and KPIs across all relevant agency processes.
- **Improve monitoring and information-sharing:** Establish a robust mechanism for tracking the implementation of agreed trade facilitation initiatives, enabling better coordination, ownership, and resource prioritisation. Formalise regular inter-agency information exchange and the sharing of best practices. Require the NCTF to submit quarterly progress reports to the President or Prime Minister.
- **Revise Category C commitments:** Reclassify a substantial share of Sri Lanka's Category C commitments (currently 69.3% of obligations) to Category B. Prioritise the ten measures identified by Verité Research that most developing countries implement without donor assistance (see Annexe below).

SHORT ABSTRACT

Sri Lanka has implemented only 58% of the WTO TFA measures as of August 2025, compared with 100% implementation in India, Thailand, Vietnam, and Malaysia. A key reason for this lag is Sri Lanka's decision to classify 69.3% of obligations in Category C, which signals a lack of commitment rather than capacity. Many of these obligations are basic administrative measures that peers have already implemented without donor assistance. Fast-tracking implementation—by strengthening and broadening the NCTF, publishing a time-bound action plan with clear monitoring and public reporting, and reclassifying a substantial share of Category C commitments to Category B—will restore investor confidence, reduce trade costs, and align Sri Lanka with regional competitors.

Topline View

Theme: Economic Growth; Governance

Field	Details
Objective	Accelerate Sri Lanka's implementation of WTO TFA measures to catch up with regional peers and reduce trade costs
Implementing Agency	Ministry of Finance; Sri Lanka Customs; National Committee on Trade Facilitation (NCTF)
Cost Estimate	Institutional/administrative costs
Primary Beneficiaries	Exporters, importers, SMEs, logistics providers
Policy Type	Regulatory and institutional reform

HOW IT ADVANCES OBJECTIVES

1. **Economic Growth:** Faster, more predictable border clearance lowers costs, attracts investment, and strengthens exporters' competitiveness. It also demonstrates that Sri Lanka is investing in the "operating system" of trade, signals reform commitment, and reduces uncertainty.
2. **Governance:** Stronger NCTF leadership, a published national action plan, improves the accountability, transparency, and credibility of trade reform.

CASE FOR THE PROPOSAL

Reducing the time and cost of international trade—through simplified, streamlined, and automated import and export procedures, with greater transparency and predictability—is critical to strengthening Sri Lanka's competitiveness for traders and investors alike. Yet Sri Lanka has repeatedly lagged behind its peers in implementing such reforms, as reflected in its weak performance on the World Trade Organisation Trade Facilitation Agreement (WTO TFA).

When the WTO TFA came into force in 2017, Sri Lanka had implemented only 29% of its measures, compared with over 90% in Malaysia and Thailand, and 72.3% in India. By August 2025, Sri Lanka's implementation had risen to 58%, but the gap with regional peers had widened. Malaysia, Thailand, and India had achieved full implementation, while Vietnam —slightly behind Sri Lanka in 2017 at 26.5%—had advanced to 100%. As these countries move beyond the WTO baseline to implement advanced trade facilitation reforms, Sri Lanka's continued weak performance leaves its businesses at a growing competitive disadvantage.

A particularly concerning signal is Sri Lanka's decision to place 69.3% of its WTO TFA obligations in Category C, claiming the need for external financial and technical assistance. This is far higher than the average for developing countries (21.7%) and even the least developed countries (40%). Such over-reliance on external assistance projects a lack of domestic commitment to trade facilitation, weakening investor confidence and undermining FDI attraction. In this context, Verité Research has identified ten priority measures that most developing countries—and more than half of LDCs— reported implementing without assistance (see Annexe). These could be fast-tracked by Sri Lanka without waiting for external support.

Institutional weaknesses compound the problem. Despite being established in 2014, the National Committee on Trade Facilitation (NCTF) has lacked consistent leadership, sufficient resources, inclusivity, and accountability. Permit-issuing agencies such as the Forest Department remain unaware of existing digital systems and budget mandates on electronic payments, pointing to poor information flows. Moreover, Sri Lanka has no publicly accessible, outcome-oriented National Trade Facilitation Action Plan with clear timelines. The only available online platform is difficult to access, requires registration, and provides no reporting on progress. In contrast, regional competitors publish open, outcome-oriented action plans, track progress transparently, and are moving ahead with reforms beyond the WTO TFA.

To close this gap, Sri Lanka must establish a robust monitoring and reporting framework, with publicly accessible action plans and regular progress updates. This will strengthen accountability, improve inter-agency coordination, and ensure trade facilitation reforms are implemented in line with international best practice.

HOW IT HELPS THE COUNTRY:

- **Reduces time and cost** of cross-border trade, improving predictability and efficiency.
- **Strengthens competitiveness** relative to competitor countries in the region, such as India, Vietnam, Thailand, and Malaysia, by cutting clearance delays.
- **Demonstrates reform commitment,** boosting investor confidence and credibility in global trade negotiations.
- **Facilitates integration** into regional/global supply chains by aligning with regional peers' standards.

HISTORY OF PROPOSAL

- **2013–2017:** WTO members, including Sri Lanka, sign and ratify the TFA. Agreement enters into force in 2017. Sri Lanka implements only 29% of measures.
- **2014:** NCTF established but remains under-resourced and weakly coordinated.
- **2017–2024:** Progress is slow. By August 2024, Sri Lanka will implement 58% of measures, versus 100% in India, Thailand, Malaysia, and Vietnam.

FURTHER READING

- Sri Lanka falls behind Least Developed Countries in trade facilitation — Here are three steps it can take to reverse this trend - https://www.veriteresearch.org/wp-content/uploads/2023/07/Sri-Lanka-falls-behind-Least.pdf
- Reducing Domestic Barriers to Export Success - https://www.veriteresearch.org/publication/reducing-domestic-barriers-to-export-success/
- Benefits of Adopting Measures to Facilitate Trade: A Case Study on Forest Permits for Exporting Horticultural Products - https://www.veriteresearch.org/publication/benefits-of-adopting-measures-to-facilitate-trade-a-case-study-on-forest-permits-for-exporting-horticultural-products/

Annexe: List of measures to prioritise to be transitioned from category C to B

Measure no.	Description
1.1	Prompt publication of information on trade procedures, taxes, fees etc. in a non-discriminatory and easily accessible manner
1.4	Notification to the WTO TF committee of the official places where information referred to in 1.1, etc., is published
2.1	Traders and other interested parties must be given an opportunity and a reasonable time to comment on proposals for new or amended legal acts.
2.2	Regular consultations between border agencies, traders and other stakeholders
5.1	Notification and guidance for enhanced controls or inspections in relation to sanitary and phytosanitary conditions
6.1	General disciplines on fees and charges imposed on or in connection with importation and exportation, such as publication of relevant information, informing parties in advance of any revisions and periodical review
6.2	Specific disciplines on fees and charges for customs processing imposed on or in connection with importation and exportation, such as ensuring that the fees are set to recover the cost of the service
7.3	Separation of release from final determination of customs duties, taxes, fees and charges

7.9	Preventing avoidable loss and deterioration of perishable goods by releasing goods at the shortest possible time under normal circumstances, outside of business hours under exceptional circumstances, providing priority during examination, arranging for proper storage facilities pending release, etc.
10.2	Acceptance of paper or electronic copies of supporting documents for import/export/transit formalities

Source: World Trade Organisation, 'Trade Facilitation Agreement Database', available at https://www.tfadatabase.org/

SUB-PROPOSAL 1.2: FAST-TRACK AUTOMATION OF BORDER AGENCIES AND ESTABLISH A NATIONAL SINGLE WINDOW

THE PROPOSAL

Fast-track the automation of key border agencies and integrate them into Sri Lanka's National Single Window (NSW) without delay.

- Adopt a time-bound implementation plan: Set out milestones, map responsibilities, and specify resource needs. Ensure resources and delivery is tracked by the NTFC, and regular progress reports are published.
- Prioritise value for money in platform choice, not lowest upfront cost: Select a modern, configurable, vendor-supported platform (paid and continuously updated as technology evolves) via a competitive tender.
- Enact a single, overarching Single Window Act: Legislate once to harmonise agency mandates and enable e-documents and e-signatures, rather than piecemeal amendments across dozens of laws.

SHORT ABSTRACT

Sri Lanka has pursued automating border agencies since the 1990s, yet there is still no functional National Single Window for trade. Competitors such as India and ASEAN countries have integrated dozens of agencies and are advancing toward regional interoperability, leaving Sri Lankan exporters with higher costs and delays. Fast-tracking the completion of the NSW will deliver substantial efficiency gains, legal clarity, and competitiveness for Sri Lankan exporters.

TOPLINE VIEW

Theme: Economic Growth; Governance; Justice and Rights; Social Welfare

Field	Details
Objective	Complete automation of all border agencies and integrate them into a functional National Single Window (NSW)
Implementing Agency	Ministry of Finance; Sri Lanka Customs; National Trade Facilitation Committee (NCTF)
Cost Estimate	USD 15 Mn to complete in 50 months. USD 20-22 Mn to complete in 36 months. Estimate from 2022 – NCTF Meeting Minute (15th June 2023) – Obtained through an RTI. According to the Budget 2025: An allocation Rs. 500 million to support the initial development of the National Single Window System, Truck Appointment System, E-Cargo Tracking System and Port Community System.

Primary Beneficiaries	Exporters, importers, SMEs, logistics providers
Policy Type	Regulatory reform and capital investment

HOW IT ADVANCES OBJECTIVES

- **Economic Growth:** Reduces clearance times and costs, boosting export competitiveness.
- **Governance:** A Single Window Act ensures legal harmonisation, accountability, and institutional clarity by establishing a clear governance structure that mandates inter-agency cooperation and transparent reporting, overcoming bureaucratic silos. Greater efficiency and transparency also strengthen revenue collection and curb opportunities for rent-seeking and corruption.
- **Justice and Rights:** Electronic submissions reduce discretion, eliminate duplicative paperwork, and ensure more consistent, fair treatment.
- **Social Welfare:** SMEs benefit disproportionately from reduced costs and faster processing.

CASE FOR THE PROPOSAL

A Single Window allows traders to submit all required documents and information through one interface, streamlining import and export processes, lowering costs, and enhancing transparency. It also benefits the government through better resource allocation, stronger revenue tracking, and fewer opportunities for corruption. While ASEAN peers have implemented interconnected single-window systems —some with regional interoperability—Sri Lanka, despite three decades of effort, has integrated only three border agencies into its single window. In contrast, India's Single Window Interface for Facilitating Trade (SWIFT) involves over 60 agencies. India has gone a step further and implemented a single window, which consolidates business approvals across the central and state governments. Sri Lanka developed a comprehensive NSW blueprint with World Bank support, completed and formally adopted in 2019 after extensive stakeholder consultations. However, neither the blueprint nor the implementation progress is publicly accessible.

The government has reignited the initiative, with the 2025 Budget allocating Rs. 500 million to support the initial development of the National Single Window System, Truck Appointment System, E-Cargo Tracking System and Port Community System.

To prevent Sri Lanka from falling behind further, the NSW should be prioritised with the following in mind:

- **Prioritise value for money and return on investment in the platform choice rather than cost:** The cost of the platform for the NSW should be evaluated against total lifecycle returns (uptime, upgrades, interoperability, security) rather than the lowest price. Accordingly, the technology provider and platform developer should be selected via a robust competitive process.
- **Legal enablement without piecemeal amendments:** Instead of amending dozens of agency laws, issue economy-wide rules under the Electronic Transactions Act to enable e-signatures and e-documents, and/or enact an overarching Single Window Act (as in Pakistan and Kenya) to harmonise frameworks, mandate participation, and establish clear governance. Without such a law, progress will remain fragmented and protracted.

HOW IT HELPS THE COUNTRY:

- Cuts clearance times and transaction costs, aligning Sri Lanka with India and ASEAN peers.
- Strengthens revenue collection while curbing corruption and rent-seeking opportunities.
- Expands opportunities for SMEs by reducing barriers to global trade participation.
- Positions Sri Lanka for future regional interoperability and digital trade integration.

HISTORY OF PROPOSAL

- **1990s:** Sri Lanka begins automation of border agencies.
- **2018:** World Bank White Paper published on the Single Window
- **2023:** NCTF estimates a **USD 20 million cost over 36 months** to complete the NSW. Stakeholders push for a **modern paid platform** instead of UNCTAD's free ASYCUDA.
- **Budget 2025:** Renewed interest in fast-tracking the Single Window, with the process initiated but fragmented, with no overarching law.

SUB-PROPOSAL 1.3: FAST-TRACK ACCESSION TO THE MADRID PROTOCOL

PROPOSAL

Registering a trademark in Sri Lanka and in countries where one intends to sell the product or service is essential for establishing and protecting a brand. To this end, Sri Lanka should work towards fast-tracking accession to the Madrid Protocol:

- Set clear timelines and allocate resources to the National Intellectual Property Office (NIPO).
- Establish monitoring and public reporting requirements to track progress.
- Complement accession by improving the efficiency of domestic trademark registration at NIPO.

SHORT ABSTRACT

Trademark registration in Sri Lanka takes 48 to 60 months, and exporters who want to register their trademarks abroad must apply separately in each market—an expensive and time-consuming process. The Madrid Protocol, which allows a single application to cover 131 member countries, can reduce processing time to under 18 months and significantly lower costs. Although first proposed in the 2016 Budget, Sri Lanka has yet to accede, while 16 other developing countries, including India, Vietnam, and Pakistan, have already joined since then. Fast-tracking accession with clear timelines and institutional support will help exporters build global brands, strengthen competitiveness, and capture more value from exports.

TOPLINE VIEW

Theme: Economic Growth; Justice and Rights

Field	Details
Objective	Fast-track accession to the Madrid Protocol and streamline domestic trademark registration to enable exporters to protect and build brands internationally
Implementing Agency	Ministry of Industries; National Intellectual Property Office (NIPO)
Cost Estimate	Limited institutional upgrade costs at NIPO; low fiscal burden relative to impact
Primary Beneficiaries	Exporters, SMEs, brand owners, and consumers who benefit from trusted products
Policy Type	Regulatory and institutional reform

HOW IT ADVANCES OBJECTIVES

1. **Economic Growth:** Strengthens brand protection, allowing exporters to charge premium prices and withstand low-cost competition.
2. **Justice and Rights:** Provides SMEs and local firms with affordable access to international trademark protection, enabling them to compete fairly against larger multinationals.

CASE FOR THE PROPOSAL

Registering a trademark in Sri Lanka and in countries where one intends to sell the product or service is essential for establishing and protecting a brand. However, for many businesses, the process at the National Intellectual Property Office (NIPO) takes 48 to 60 months. In addition, Sri Lankan companies aspiring to go global must register their trademarks in each country they plan to enter, a cumbersome and expensive process. Sri Lanka should both improve the efficiency of domestic registration and make use of international frameworks—such as the Madrid Protocol, administered by the World Intellectual Property Organisation (WIPO), to make international registration more efficient and affordable. The Madrid Protocol allows for a single application and fee to register in multiple countries, reducing processing time to less than 18 months and cutting costs.

Consumer loyalty and trust in quality that comes with branding of products and services enable businesses to retain their customers amidst increased competition from foreign brands as well as unbranded products, both at home and abroad. Robust brand protection also helps higher-cost production bases like Sri Lanka to withstand price competition, since consumers are more willing to pay a premium for trusted brands.

Sri Lanka has been slow to act on a critical reform that would help its companies build internationally recognised brands: accession to the Madrid Protocol. First proposed in the 2016 Budget and approved by Cabinet in 2020, the process remains incomplete because the required amendments to the National Intellectual Property Act No. 36 of 2003 have not yet been enacted. Nearly nine years have been lost since the initial proposal, during which 16 other developing countries, including Sri Lanka's direct competitors in Asia, such as India, Vietnam, Cambodia, Thailand, Indonesia, Malaysia, and Pakistan, have joined the Protocol. Today, 115 countries are members, offering their firms seamless brand protection across major markets. By contrast, Sri Lankan firms remain constrained by a fragmented and costly system, undermining their competitiveness. Without swift action to accede, Sri Lanka risks entrenching its disadvantage in global markets where brand recognition and protection are central to value creation.

Sri Lanka should therefore increase the efficiency of domestic trademark registration and fast-track accession to the Madrid Protocol by setting clear timelines, providing NIPO with the necessary resources, and instituting a process to monitor and publicly report progress.

HOW IT HELPS THE COUNTRY:

- Enable exporters to protect brands in 114 markets with one application, reducing cost and time.
- Strengthens competitiveness by allowing Sri Lankan firms to build trusted, premium brands.
- Helps high-cost Sri Lankan exporters withstand price competition from cheaper producers.
- Enhances consumer trust at home and abroad by ensuring brand authenticity and protection.
- Integrates Sri Lanka into international IP frameworks, supporting innovation and value-added exports.

HISTORY OF PROPOSAL

- **2016:** Accession to Madrid Protocol first proposed in the **2016 Budget** to support branding and global market access.
- **2020**: Cabinet Approval to ascend to the Madrid Protocol
- **2025:** No progress made despite repeated discussion.

FURTHER READING

Trademark Registration: From Colombo to Madrid -
https://www.veriteresearch.org/publication/trademark-registration-from-colombo-to-madrid /