

National Single Window: A Game-Changer for Sri Lanka's Trading Community

1. The National Single Window (NSW) transforms trade by allowing all documents to be submitted only once on a digital platform, slashing redundancy and boosting efficiency.
2. For Sri Lanka, the NSW means lower trade costs, faster processing, better government revenue collection, and stronger alignment to global standards, unlocking new growth opportunities.
3. Success stories from Singapore, South Korea, Pakistan and our competitor countries show that NSW or similar systems cut costs, speed up trade, and drive economic gains.
4. Despite its WTO Trade Facilitation Agreement (TFA) commitments, Sri Lanka is lagging behind in implementing trade facilitation measures including NSW, due to political and funding challenges.
5. Fast-tracking the NSW is vital to modernizing Sri Lanka's trade, meeting WTO obligations, and becoming a true competitor in the region and global marketplace.

What is the National Single Window (NSW)?

The National Single Window (NSW) is an integrated digital platform designed to streamline international trade by allowing parties involved in trade and transport to submit standardized information and documents through a single entry point. This concept, supported by international organizations such as the World Trade Organization (WTO) and the World Customs Organization (WCO), aims to simplify and harmonize the flow of information between traders and government authorities.

An NSW acts as a centralized system that connects various government agencies responsible for regulating trade activities, such as customs, quarantine, port authorities, and other inspection bodies. By doing so, it eliminates the need for businesses to submit the same information multiple times to different entities, thereby reducing redundancy and enhancing efficiency.

Essentially, an NSW provides a streamlined, paperless, and automated environment where all trade-related procedures, Licenses, Permits, customs declarations and all related documents are directed through a unified platform. This digital transformation is crucial in today's global economy, where trade competitiveness depends on the ability to move goods timely, efficiently, cost-effectively and securely across borders.

How the NSW Can Benefit a Developing Country Like Sri Lanka?

Implementing an NSW offers numerous benefits across economic, regulatory, technological, and policy landscapes. Here's an in-depth look at how an NSW can enhance a country's overall trade environment:

Economic Benefits

The NSW significantly enhance trade efficiency and competitiveness, and reduces the time and cost of moving goods across borders by automating and integrating trade procedures. According to a World Bank study, countries implementing an NSW can achieve a 30-40% reduction in the time required for import/export processes. By speeding up clearance times and reducing transaction costs, businesses can

become more competitive in global markets, attract foreign direct investment (FDI), and boost overall economic growth

By digitalizing processes and reducing paperwork, businesses experience a reduction in operational costs, saving money on administrative and logistics expenses. With a single point of data submission, there is less need for manual intervention, further minimizing costs associated with errors, corrections, and delays.

The NSW contributes to better revenue collection for government. By providing real-time data analytics and visibility into trade activities, it helps customs authorities detect under-declarations and misclassifications more effectively. This leads to improved tax and duty collection, reducing revenue leakage caused by corruption or misreporting.

The COVID-19 pandemic and other global disruptions have highlighted the critical need for resilient and adaptable trade systems. An NSW provides a robust framework for managing unexpected trade disruptions, ensuring that trade processes remain smooth, even under challenging circumstances.

Regulatory and Policy Benefits

The NSW enhances transparency and compliance by providing a clear and auditable trail of all trade transactions. This discourages fraudulent practices, reduces the scope for corruption, and ensures compliance with international standards and regulations. For policymakers, the NSW serves as a valuable tool for monitoring and controlling trade activities, ensuring that goods entering or leaving the country meet all regulatory requirements.

The platform fosters collaboration and information-sharing among various government departments, which accelerates decision-making processes. By breaking down silos and encouraging inter-agency communication, the NSW reduces bureaucratic delays, allowing for quicker response times and smoother trade flows.

Implementing an NSW aligns a country with global best practices and international agreements, such as the WTO's Trade Facilitation Agreement (TFA). This alignment can help improve a country's ranking in global competitiveness indices, such as the World Bank's B-Ready Index, the Logistics Performance Index, and the Corruption Perception Index, making it a more attractive destination for international trade and investment.

Benefits to the Private Sector

For businesses, the NSW offers simplified compliance and reduced risk by providing a single interface to meet all regulatory requirements. This reduces the complexity and uncertainty associated with dealing with multiple government agencies, thereby lowering the risk of non-compliance, penalties, and delays. Faster Clearance and Reduced Delays: The automation and integration capabilities of the NSW significantly reduce the time required for customs clearance, inspections, and approvals. This not only speeds up the movement of goods but also improves inventory management and reduces costs associated with warehousing and demurrage and finally predictability in businesses

By making trade more efficient and predictable, the NSW helps businesses become more competitive globally. It opens up new market opportunities, particularly for small and medium-sized enterprises (SMEs), by lowering barriers to entry and facilitating easier access to international supply chains.

Technological Advancements

The NSW serves as a catalyst for broader digital transformation within the public sector. It encourages the adoption of new technologies, such as, artificial intelligence (AI), and data analytics, which can further streamline trade processes, enhance data security, and provide predictive insights for better decision-making.

By centralizing data submission and collection, the NSW creates a valuable repository of trade-related information. Governments can leverage this data for advanced analytics, enabling them to identify trends, forecast demand, and make informed policy decisions.

The NSW allows governments to implement robust cybersecurity frameworks to protect sensitive trade data. With increased reliance on digital platforms, ensuring data security and integrity is paramount, and the NSW provides the necessary infrastructure to safeguard against cyber threats.

Success Stories from around the World

As of July 2021, there were 81 countries at various stages of implementing NSWs, according to the ADB.

Singapore was a pioneer in implementing the NSW with its TradeNet system, which reduced trade processing time from four days to 10 minutes, leading to significant cost savings and strengthening its status as a global trade hub.

South Korea's Single Window System integrates 90 different systems from 43 government agencies, enabling a 60% reduction in trade transaction costs and a 40% increase in processing speed.

The European Union (EU) Single Window Initiative enhances information flow between businesses and customs authorities, ensuring compliance with both EU and national regulations while simplifying trade processes across member states.

Thailand successfully reduced export transaction times from 24 days in 2006 to just 14 days by 2009—a 42% reduction—through its NSW, demonstrating its effectiveness in reducing administrative burdens and accelerating cross-border trade.

In Hong Kong, the NSW has generated substantial economic benefits, resulting in estimated annual savings of HK\$1.3 billion. The centralized digital platform has minimized paperwork, reduced errors, and expedited transactions, enhancing transparency and communication between traders and government agencies.

Within three years, Pakistan's Single Window (PSW) has streamlined 65% of regulated trade, reduced LPCO (License, Permit, Certificate and other documents) filing times by one-third, and halved goods declaration times. Online payments jumped from 41% to 91%, cutting costs by 18.75%. Thus, PSW demonstrates significant progress in enhancing trade efficiency and reducing costs swiftly.

These success stories illustrate the transformative potential of NSW systems in reducing costs, improving trade facilitation, and enhancing efficiency, providing valuable lessons for other countries, including Sri Lanka, to adopt similar strategies.

Sri Lanka's Journey towards an NSW and Where Are We Now?

Sri Lanka began its NSW journey in 1993, along with the negotiations of the WTO TFA, which spanned 20 years. The agreement was finally reached at the Ninth Ministerial Conference in Bali, Indonesia, where the NSW was under Article 10.4. Sri Lanka submitted its instrument of ratification to the WTO on 31 May 2016, becoming the 81st member to ratify the agreement. The TFA officially entered into force on 22 February 2017, after being ratified by two-thirds of WTO member countries, making its implementation a commitment for each member nation. The World Bank began developing the blueprint for the National Single Window (NSW) in December 2017 and completed it by July 2018. Around the same time, in July 2018, the Trade Information Portal (TIP) was launched with support from the World Bank and Australian Aid. This portal was considered the key to the establishment of the NSW.

During this process, they studied the 'as-is' situation, the Internet-based research of key Government Agencies (GA) websites, consulted GAs and industry to discuss and understand current practices and used research from the TIP project.

They then explored the future aspirations to understand the desired 'to be' situation. During this process, they consulted members of the National Trade Facilitation Committee (NTFC) and key stakeholders from both the public and private sectors. Seven workshops and internal NSW team discussions were conducted. In conclusion, all 12 technical reports, collectively known as the NSW Blueprint, which detailed the design and operation of the NSW, were handed over to the Government of Sri Lanka (GOSL) by the World Bank in August 2018. Unfortunately, later the documents were untraceable, prompting the World Bank to re-submit the Blueprint in July 2019, marking 26 years since the journey began.

Titles of the 12 Technical Reports are as follows;

1. Legal and regulatory framework
2. Governance and operational model
3. Service Specifications for NSW Operator
4. Revenue model and fee structure
5. Functional and technical and architecture
6. Functional and technical specification
7. Service level agreements
8. Business process reengineering
9. Data harmonization
10. Change management, Communication and Capacity Building strategy and plan
11. Risk management strategy and model
12. Implementation plan

Change in the political regime in Sri Lanka in November 2019 disrupted the progress of the NSW implementation. This was further delayed by the outbreak of COVID-19 in January 2020. By July 2021, 28 years after the initial efforts, the GOSL appointed the High-Level Steering Committee (HLSC). In March 2022, Sri Lanka established the NSW Project Implementation Committee (PIC) and the Project Implementation Unit (PIU).

The momentum of the NSW project faced further setbacks with the "*Aragalaya*" protests in March 2022. Despite cabinet approval in June 2022 to launch the multi-phased NSW with funding from the WB, progress remained slow due to a lack of political will and funding. Political instability persisted, with the resignation of the President at that time and the appointment of a new President in July 2022. In June 2023, after 30 years of efforts, the GOSL allocated Rs. 200 million as an initial cost to establish the PIU.

With technical support from the USAID, the Department of Trade and Investment Policy (DTIP) under the Ministry of Finance is currently working on establishing the PIU by recruiting the necessary staff. The PIU is expected to become operational in September 2024, marking 31 years from its inception.

Why Sri Lanka Should Accelerate NSW Implementation?

Sri Lanka's trade environment is currently hampered by outdated trade facilitation infrastructure that cannot support modern day global trade. These antiquated systems create slow, resource-intensive, and time-consuming processes, significantly undermining the country's competitiveness in the international market. To overcome these challenges, there is an urgent need to modernize Sri Lanka's trade infrastructure through a proper implementation of an NSW system.

The inefficiencies of Sri Lanka's existing trade processes have become more pronounced as global trade and competition continues to expand. The current manual paper-based systems lack integration among various government agencies, leading to redundancy, delays, and higher compliance costs. Traders often must submit the same information multiple times to different regulatory bodies, resulting in a cumbersome and inefficient environment that stifles speed and effectiveness. This not only places a heavy burden on businesses but also weakens Sri Lanka's attractiveness as a global trade partner.

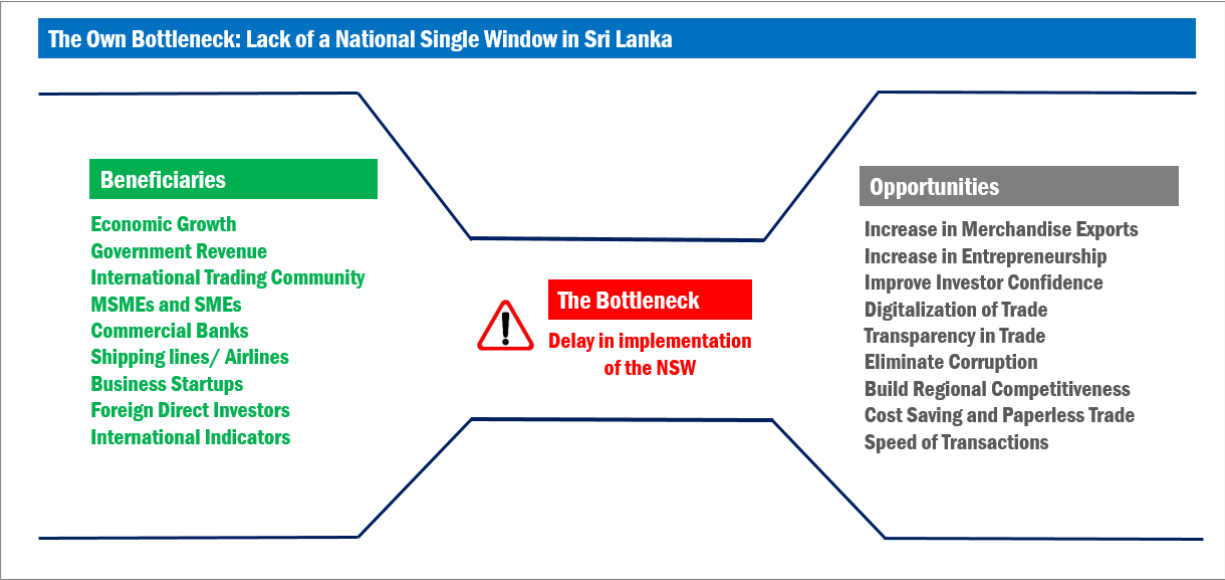
Accelerating NSW implementation will modernize the country's trade infrastructure and send a strong signal to the international community that Sri Lanka is serious about enhancing its trade facilitation environment. The quicker the country embraces this digital transformation; the sooner it can mitigate the risks of being left behind in the rapidly evolving global trade landscape

Overcoming Bottlenecks to Achieve an Export-Led Economy

While both the government and the private sector frequently emphasize the importance of export diversification, export promotion, and building an export-led economy, a significant internal bottleneck remains: the absence of an NSW to streamline and expedite import and export procedures, particularly focusing merchandise exports.

The discourse around export-led growth has gained considerable momentum in recent years, with policymakers and industry leaders advocating for strategies such as expanding into new markets, increasing the value-added component of exports, export diversification, and signing new free trade agreements to create greater market access. However, these efforts can only achieve their intended impact if the country's trade infrastructure is efficient and conducive to the needs of the trading community

Implementing an NSW is essential to overcoming these internal barriers and unlocking Sri Lanka's import export potential.



Already Recognized as a National Policy Priority

The implementation of the NSW has long been recognized as a critical national policy priority for Sri Lanka. For decades, its importance has been discussed at various levels of government and the private sector, yet

progress has remained slow. In the 2024 presidential election manifestos, most candidates highlighted the NSW as a key policy focus, reflecting a broad consensus on its significance for the nation's economic future.

The National Budget speech for 2024 further underscored the urgency of accelerating the NSW's implementation, emphasizing its vital role in modernizing Sri Lanka's trade infrastructure. Additionally, the Ceylon Chamber of Commerce's recently published policy document, "Vision 2030," which was presented to political parties, identified the implementation of the NSW as a pivotal policy intervention for the incoming president and the government.

Given this strong alignment across political and economic stakeholders, there is no doubt that accelerating the NSW's implementation is a top national priority. It represents a clear and unified call for action to elevate Sri Lanka's trade competitiveness and economic growth.

Conclusion

In an increasingly competitive global trade environment, the NSW is not just a tool for modernizing trade processes; it is a strategic imperative for countries like Sri Lanka. By simplifying procedures, enhancing transparency, reducing costs, and improving efficiency, an NSW offers transformative benefits to both the public and private sectors. As global trade dynamics evolve, the timely implementation of an NSW can position Sri Lanka as a more attractive and competitive trade partner, unlocking new opportunities for economic growth, export diversification, and sustainable development. The success stories from other nations provide compelling evidence of the NSW's potential, and Sri Lanka must now seize this lagging behind opportunity to accelerate its own implementation. With strong policy backing and a clear national mandate, the time is ripe for Sri Lanka to embrace the digital future of trade facilitation and take a decisive step toward improving its competitiveness and securing a stronger position in the global marketplace.

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