

SRI LANKA UPDATE | 13 - 20 JANUARY 2023

Politics & Policy:

[The Election Expenditure Bill to be discussed in the Parliament](#) - With the President emphasizing on the critical need for a speedy adoption of the regulation of the Election Expenditure Bill, it will be debated in Parliament this week. Candidates are required by the proposed regulation of Election Expenditure Bill to report information on all donations or contributions accepted or received by them, or on their behalf, which provides an overview of the cost associated with elections. Earlier this year, the National Elections Commission announced that nominations for the Local Government Election would commence on the 18th of January 2023.

[The Public Utilities Commission of Sri Lanka \(PUCSL\) launched a public consultation for the proposed electricity tariff for 2023](#) - PUCSL launched a public stakeholder consultation to seek their views on the proposed electricity tariff hike. Power and Energy Minister Kanchana Wijesekara stated that the Cabinet agreed to implement a 'cost reflective' electricity price from January 2023. However, the Government Information Department stated that the PUCSL would further study the possibility of implementing the proposed revision of electricity charges submitted by the Ceylon Electricity Board (CEB). In August 2022, [JAAF requested PUCSL](#) to reassess the exponentially high off-peak and daytime industry electricity tariff rates to enable companies to plan and budget better.

[The Government has extended financial aid for low-income families for a further five months](#) - The proposal by the President to prolong the financial assistance for low-income families by an additional five months (From May to September 2023), was approved by the Cabinet. Further, an island-wide survey will be conducted to determine the beneficiaries of the new welfare benefits payment plan.

[The travel industry gets off to a promising start in 2023](#) - Based on the provisional data released by the Sri Lanka Tourism Development Authority (SLTDA) the country has welcomed over 54,000 tourists during the first 17 days of January. The above is an increase in the daily average from 2,000 tourists in December 2022, to 3,200 tourists. The Minister of tourism stated that Sri Lanka is likely to reach its goal of 105,000 tourists for January. He further expressed his confidence in the country's ability to reach its goal of 1.55 million tourists by the end of 2023 with an income of USD 2.88 billion. Meanwhile, CNN Travel has named [Jaffna one of the top 18 overlooked destinations in Asia](#).

The Economy:

[Debt negotiations with India and China are progressing positively](#) - Sri Lanka hosted critical debt negotiation discussions with India and China, to expedite the process of securing financial assistance from the International Monetary Fund (IMF). Following the conversation, India formally notified the Managing Director of IMF that Sri Lanka would have [India's assurance and support on the external debt restructuring](#). [China reaffirmed their support for Sri Lanka](#) and called for further enhancement of the mutually beneficial strategic cooperative partnerships between the countries. With the above positive developments, the State Minister of Finance stated that the country should [expect the IMF assistance within the first quarter of 2023](#).

Moreover, replying to a comment made by the US Ambassador of Sri Lanka, Julie Chung on BBC, [China questioned the decisive actions USA took to support Sri Lanka's debt restructuring process.](#)

[The Government is taking measures to increase Foreign Direct Investments \(FDIs\) and exports](#)

- In an effort to increase much-needed exports and investments, the Government has decided to draft necessary laws and regulations to set up the proposed International Trade Office in Sri Lanka. The new office will also support the implementation of free-trade agreements (FTAs) and handle international trade discussions. Additionally, the Cabinet approved the creation of a committee to manage and guide the proposed agency's operations for promoting exports and investments.

Further, the Secretary of the Ministry of Foreign Affairs of the United Kingdom, Sir Philip Barton, held discussions to identify the potential to [expand further trade and investment ties between the United Kingdom and Sri Lanka.](#)

[Worker remittances increased by 46 per cent in December 2022](#) - Worker remittances sent by Sri Lankan expatriates increased by 46 per cent to USD 475.6 million in December 2022, compared to USD 325.2 million in the same month of the previous year.

[Cabinet has decided to cut down 6 per cent from the recurrent expenditure approved from the budget for 2023](#) - To manage the country's expenditure, President gave to all the Ministries to cut down 5 per cent from the allocated budget for 2023. However, the Cabinet has decided to cut down 6 per cent from the allocated recurrent expenditure and to apportion the extra 1 per cent to the Ministry of Health as additional provisions to purchase essential pharmaceutical drugs.

[The Central Bank Executive Officers Union \(CBEOU\) objects against the new tax regime](#) - In lieu of increasing Government revenue and recommendations from the IMF, multiple tax changes were implemented with effect from 2023 including revisions in personal income tax rates and excise duty on all varieties of liquor, wine, beer and cigarettes. The CBEOU has, however, voiced their extreme dissatisfaction and opposition to the new taxes implemented. They point out that these taxes were enacted without a thorough analysis and recommend that more focus be placed on the execution of appropriate medium to long term measures to address the economic irregularities. They also emphasized that the Government should avoid burdening the taxpayers who are already struggling from the economic downturn and that the Government budget deficit should be appropriately controlled for macroeconomic stability in order to increase Government revenue.

WHAT YOU NEED TO KNOW



[Sri Lanka aims to reduce greenhouse gas \(GHG\) emissions in the industrial sector by 7 per cent by 2030](#) - Under the five-year initiative of Accelerating Industries' Climate Response Project, the country is aiming to reduce the emission of GHG by 7 per cent by 2023. This project is implemented by the United Nations Industrial Development Organization (UNIDO) and the European Union under the Global Climate Change Alliance, and was designed to help the country's industrial sector to transmit to a low-carbon future.

Disclaimer - This advisory is intended for circulation among JAAF stakeholders only. Please do not circulate or share on social media.

This Advisory, written for our partners interested in developments in Sri Lanka against the backdrop of the current crisis, is an update on the one issued last week. This document summaries developments covering significant political and economic events. The Advisory includes economic, political, social and governance perspectives. It draws on news reports, analyses, Government announcements and documents, and from other sources that we may be in contact with or have access to.

*This Advisory was prepared by the Strategic Communications Unit of Adfactors PR Lanka.
For inquiries, contact pumudika.amarasekara@adfactorspr.com*