

SRI LANKA UPDATE | 31 MARCH - 07 APRIL 2023

Politics & Policy:

UNHRC reminds Government to repeal the Prevention of Terrorism Act (PTA) - The UN Human Rights Committee has reminded the Sri Lankan Government to repeal the PTA when it was considering Sri Lanka's sixth periodic report under the International Covenant on Civil and Political Rights (ICCPR). The Human Rights Commission of Sri Lanka (HRCSL), counterterrorism policies and individual liberty and security were among the three top concerns the committee suggested the Government focus on. The CCPR urged the Government to ensure the HRCSL adheres completely to the Paris Principles, ensures openness in the selection of its members, and has the funding to carry out its mandate successfully and independently across the country.

Speaking to a group of academics and heads of university departments of economics President Ranil Wickremesinghe stated that by June this year, Parliament will present legislative bills including the Prevention of Terrorism Bill.

The key points of the IMF agreement to become law - The IMF Agreement will be brought to Parliament to be voted upon, according to President Ranil Wickremesinghe and the main provisions would then become law. These include the Truth and Reconciliation Commission, the Prevention of Terrorism Bill and the Anti-Corruption Law.

Cabinet to approve first-ever National Agriculture Policy - The Government has proposed a National Agricultural Policy centred on increased food quality, sustainable food security and food and feed crops. To ensure that benefits accrue to communities, the economy and environment, the Policy is framed into ten subject categories. Sri Lanka's primary agricultural production contributes around 7 per cent of the Gross Domestic Product and 21.7 per cent of the total exports of the country. It employs 23.73 per cent of the labour force cultivating approximately 45 per cent of the entire geographical area.

Verification process of Samurdhi recipients to be completed soon - The Minister of Finance stated that the information verification procedure for the three million applications filed under a special financial assistance programme for the most vulnerable segments coming under the national Samurdhi programme will be completed in a few weeks. The IMF and the World Bank stated that most applicants in the initial programme were no longer considered to be below the poverty line and thus no longer eligible for benefits, The Government is thus compiling a fresh list of those who would be considered economically most vulnerable.

The Economy:

[Inflation decreases to 50.3 per cent in March 2023](#) - The Department of Census and Statistics stated that inflation, as measured by the Colombo Consumer Price Index (CCPI), declined marginally to 50.3 per cent in March 2023, from 50.6 per cent in February 2023. The Food inflation (Y-o-Y) decreased to 47.6 per cent in March from 54.4 per cent in February, whereas the Non-Food inflation (Y-o-Y) increased to 51.7 per cent in March from 48.8 per cent in February.

[Sri Lanka's Official Reserve Assets increase in March](#) - Based on the latest updates from the Central Bank of Sri Lanka (CBSL), Sri Lanka's official reserve assets increased to USD 2.7 billion in March 2023. This is inclusive of the swap equivalent to USD 1.4 billion from the People's Bank of China, which is subject to conditionalities on its usability.

[CBSL maintains policy interest rates at current levels](#) - The CBSL maintained policy interest rates at present levels on the premise that such a posture was required to curb inflation before interest rates were lowered. The Monetary Board discussed current and anticipated economic events, as well as macroeconomic forecasts on national and international levels.

The Board agreed that despite improvements in market sentiment following the completion of the Extended Fund Facility (EFF) from the IMF and the downward shift in elevated market interest rates reflecting the declining risk premia, the maintenance of the current tight monetary policy stance is necessary to ensure monetary conditions remain sufficiently tight to facilitate the continuation of the ongoing disinflation process.

[Asian Development Bank \(ADB\) forecasts a contraction in the Sri Lanka economy](#) - The ADB predicts that Sri Lanka's GDP would decline by 3 percent in 2023 before gradually recovering to hold at 1.3 percent in 2024. The economy shrank by 7.8% in 2022 and in 2023.

The country's attempts to stabilize its economy will be aided by reform measures including the rollback of the 2019 tax cuts and the recent acceptance of the EFF agreement with the IMF. The speedy resolution of the debt issue and the unwavering execution of reforms are essential to Sri Lanka's recovery from the crisis.

[National Remittances Mobile Application to be launched soon](#) - In order to encourage migrant workers to increase remittances, Sri Lanka's Ministry of Labour and Foreign Employment will introduce a new smartphone app on May 1. The app, Lanka Remit, will also extend to increased duty free allowances for Sri Lankan migrant workers as an incentive and deter payments using unofficial and most often unreliable remittance channels.

[Tourism continues upward trajectory in March](#) - The record increase in March tourist arrivals pushed forecasts from 1.55 million envisaged this year to an ambitious 2 million by end 2023. With 125,495 visitors in March, Sri Lanka had its highest number of arrivals since COVID-19 totalling 335,679 tourists in Q1. For the first time since 2019, Sri Lanka had more than 100,000 arrivals consecutively for three months.

[Forbes magazine named Sri Lanka One of the Top 23 Places to visit in the Europe/Asia region this year.](#)

[Sri Lanka ranks fifth among the cheapest countries to live in](#) - The World Population Review ranked Sri Lanka in No 5 position as the top cheapest countries to live in. The top five countries were led by Afghanistan with a monthly cost of USD 354, followed up by Pakistan (USD 370), India (USD 423), Tunisia (USD 424) and Sri Lanka (428). Cost of living covers basics including housing, groceries, taxation and healthcare which are then compared to the price of a baseline city (NY for example). Numbers are averaged for each region to enable nation-to-nation comparisons.

WHAT YOU NEED TO KNOW



[Dutch businesses probe investment possibilities](#) - If Sri Lanka can demonstrate a business climate devoid of corruption, Dutch entities are willing to investigate investment prospects in renewable energy, eco-labelling, and sustainable agriculture. Ambassador to the Netherlands Bonnie Horbach spoke at a meeting with the Ceylon Chamber of Commerce, emphasising the significance of participating in the EU Green Deal and the impending mandatory Responsible Business criteria that the majority of EU nations are currently considering. She assured that the Netherlands Government will continue to implement ongoing training and technology transfer programmes, particularly in Sri Lanka's agriculture sector.

End Note:

The team that compiles this advisory would like to get to know our readership and provide a more informative and better curated experience. A short survey has been created for this purpose and we would much appreciate a minuet of your time to complete it through, <https://forms.gle/P8kobGvDdPmGJaEx6>. Should you have any questions please email us at info@jaafsl.com.

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.

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