

## SRI LANKA UPDATE | 06 - 13 JULY 2023

### The Economy:

[Fitch revises outlook on Ceylon Electricity Board \(CEB\) to Positive](#) - CEB's National Long-Term Rating's Outlook was changed from Stable to Positive by Fitch Ratings, which also confirmed the rating at "B(lka)". Additionally, Fitch confirmed that CEB's outstanding senior unsecured debentures have a "B(lka)" national long-term rating. The Long-Term Local-Currency Issuer Default Rating (IDR) of the Sri Lankan sovereign is likely to be upgraded to reflect the sovereign's prospects when a Domestic Debt Exchange (DDE) is completed.

[Further, the proposed Debt Restructuring Plan should lower funding and liquidity risk for non-bank financial institutions \(NBFIs\)](#). The rating agency pointed out that the approach prevents a direct impact on NBFIs and commercial banks' holdings of local-currency Government debt, reducing uncertainty regarding the institutions' capital, funding and liquidity profiles.

[Central Bank of Sri Lanka \(CBSL\) changes decides not to renew money changing permits of 15 Money Changers \(MCs\)](#) - Due to non-compliance of a licence condition for the year 2022, which was conveyed to the respective MCs in February 2022, the Monetary Board of the CBSL has decided not to renew the money changing permits of the 15 MCs for the year 2023. The public has been made aware that the aforementioned businesses are no longer permitted to engage in money-changing activities and that doing business with them while purchasing, selling or exchanging foreign currency is prohibited by the Foreign Exchange Act, No. 12 of 2017.

[Tourism earnings soar to nearly USD 1 billion in the first half of 2023](#) - According to the most recent information provided by the CBSL, tourism revenue for the first half of the year totalled USD 986.2 million, a significant 45.1 per cent increase over the same time the previous year. Revenue for June stood at USD 158.4 million. A key milestone for Sri Lanka was reached in June when visitor arrivals surpassed the 100,000 mark, a feat not achieved in the past four years in the month of June.

### Politics & Policy:

[Cabinet approves transaction advisors for sale of 7 State Owned Enterprises \(SOEs\)](#) - The Cabinet of Ministers accepted the suggested transaction advisors for seven selected entities, marking a crucial step forward in the restructuring of SOEs. Prospective investors will be asked to express interest via advertising that will be published in both the local and international media in order to ensure openness in the divestiture process. Investors chosen through the EOI process will be given access to data rooms that have the required data to conduct a thorough due diligence.

[Sri Lanka to relax import restrictions on 300 more items](#) - According to the State Minister of Finance, 300 more commodities will have import restrictions lifted by Sri Lanka's government the next week. The Minister further stated that the government has already relaxed import limits on 300 other commodities on June 9. Governor of the CBSL stated that imports have steadied at USD 1.4 billion per month, with exports at USD 1 billion.

[Sri Lanka to proceed with talks for preferential trade agreement with Indonesia](#) - The Cabinet of Ministers have approved the start of negotiations with Indonesia to sign a preferential trade deal. The Cabinet Co-Spokesman emphasized the importance of Indonesia as one of the largest economies in South East Asia at the post-Cabinet meeting media conference. He emphasized that the discussions are intended to provide specific commodities preferential status, encouraging more export opportunities and aggressive imports.

[Government to introduce new regulations to ensure safe air navigation, aviation security](#) - The Cabinet of Ministers approved the proposal to submit regulations published via Gazette to Parliament for approval after recognizing the crucial roles that air navigation and aviation security play in maintaining safe flight operations. The Civil Aviation Aeronautical Service Provider (Air Navigation and Aviation Security) Licensing Regulations No. 01 of 2023 were recently released by the government. The Civil Aviation Act No. 14 of 2010 produced these regulations in an effort to control the delivery of air navigation and air security services within the nation.

[Greater connectivity strengthens India-Sri Lanka tourism partnership](#) - The Indian High Commissioner to Sri Lanka stated that starting on July 16, there will be daily flights between Chennai and Jaffna, increasing the current frequency of four times per week. This would improve the connection and make it simpler to travel between the two locations. He was speaking at the opening of the 67th Convention of the Travel Agents Association of India (TAAI).

## WHAT YOU NEED TO KNOW



[Minister of Power and Energy reveals powerful push for energy security](#) - The Minister of Power and Energy, unveiled a number of measures that would make use of capital from the private sector to guarantee Sri Lanka's energy security. According to the Minister, steps are being taken to provide the legal framework required for private players to participate in, invest in and secure their investment in the energy sector. He reaffirmed that increasing the share of renewable energy from 40 per cent to 70 per cent by 2030 is the government's goal. Between now and 2030, Sri Lanka would need to deploy a significant amount of foreign direct investment—approximately USD 11.5 billion.

*Disclaimer - This advisory minister of power and energy 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](mailto:pumudika.amarasekara@adfactorspr.com)*