May 2022 | Issue 05

NEWSLETTER

Rohitha Mendis

Immediate Past President of SLSBC

Managing Director of Prudential Shipping and Helanka Vacations

Prudential Shipping has been a member of SLSBC for over 15 years and self has been an elected member of EXCO for and heading the Business Council as the president for two years during 2018 ad 2019. SLSBC is one of the oldest business councils of the CCC and is also one of the most active.

SLSBC's activities are fully supported by the SL High commission in Singapore as well as Enterprise Singapore, the official Singapore governments arm promoting Singaporean companies to venture out on business. In addition, SLSBC has signed up MOUs with 4 leading Chambers in Singapore and also has a vast network of friendly organizations based in Singapore through which channels we have promoted many a Sri Lankan companies for taking forward business ventures. The annual Business delegation to Singapore organized by SLSBC has been successful over the years and similarly many Chambers from Singapore has brought delegations to SL many a times.

Being a member of the council has helped our group of companies to develop useful business relationships over the years and also to develop a vast network of contacts both in Sri Lanka and Singapore both at Governmental level as well as at businesses. It is no secret that such a network will help you to further your business. I therefore strongly recommend that all members should strive to engage in the activities of the council proactively to reap the benefits.

I consider it a privilege to have been a member of SLSBC and to lead the council as President for two years. Good luck to all.

Economic Update

CBSL Chief shows immediate way forward in meeting with Ceylon Chamber

- **Domestic debt including SLDBs excluded from debt restructuring**
- **Staff-level agreement with IMF likely within the next two months**

Central Bank Governor Dr. Nandalal Weerasinghe said while external debt restructuring remains a top priority, domestic debt in the form of Government securities and Sri Lanka Development Bonds will not be restructured.

He made this disclosure when he addressed a meeting of the Committee of the Ceylon Chamber of Commerce at which he was the Guest Speaker.

Dr. Weerasinghe also provided an update on the progress made during the recent discussions with the International Monetary Fund and World Bank last week.

Noting that encouraging progress had been made towards establishing a macro-fiscal policy framework and initiating structural reforms, he expressed confidence that a staff-level agreement with the IMF is likely to be reached within the next two months.

Dr. Weerasinghe also announced that additional measures will be implemented in order to address urgent economic concerns. The measures include introducing regulations to encourage dollar flows currently transacting in the informal market to be channelled through the formal banking system. As a result of policy measures already introduced by the Central Bank and the Government, he is of the view that expenditure on imports will be declining further to more sustainable levels.

The Governor also highlighted the need to strengthen the social safety net with the rising cost of living. To this effect, multilateral agencies such as the World Bank will be looking to reallocate funds committed for projects towards assisting vulnerable segments of the population, he stated.

While expediting IMF negotiations and implementing sustainable economic policy reforms being the main priority, he added that IMF action will continue irrespective of the political landscape, and also stressed that all creditors will be treated equally in the debt-restructuring process. The Governor sought the assistance of the private sector in successfully implementing measures to stabilise the economy.

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Source: Daily FT

Sri Lanka's next IMF programme

Daniel Alphonsus

The programme to end all programmes

Yes, as we all now know too well, denial is not a strategy. But neither is going to the IMF. Even though it's the first step in the long journey towards stabilisation and recovery, it is not a strategy. A strategy, or programme as it is called in IMF-speak, still needs to be developed. Since this programme will be Sri Lanka's 17th, plus ça change, plus c'est la même chose one may say. And, in many ways, such pessimism would not be wrong. But this programme is different. It marks the first time Sri Lanka embarks on a three-way agreement, involving creditors, as well as the usual government and IMF duo.

Same, same but different

Programme 17's private creditor involvement grants the IMF greater leverage than in past negotiations. First, creditors will be loath to settle in the absence of a programme, especially as Sri Lanka has no experience of default. Not to mention our persistent scarcity of political stability or policy coherence. Second, opportunities for reform often correspond to the severity of a crisis. As argued in A Crisis Manifesto, the breadth and depth of this crisis may constitute as significant a shift in Sri Lankan economic thinking as the Great Depression and the rice queus of the 1970s. Already reforms which appeared fantastical but a few months back, now seem eminently practical. Third, it will be the first time Sri Lanka obtains an extended facility under a non-UNP government. Meaning, for the first time since Independence, an IMF programme will be the primary framework within which SLFP/SLPP economic policy-making and budgets must operate for an extended period of time.

Therefore, the design of this programme could shape economic policy-making for the next generation, and along with it, Sri Lanka's last possible chance for serious economic-breakthrough and prosperity (alas, far too often, demography, like geography, becomes destiny).

The substance of this programme is far too important to be left solely in the hands of the grey suits at the IMF, Treasury and Central Bank. All sections of s ociety - government backbenchers, Opposition, private sector, civil society and academia - must think hard and work harder to shape this historic programme.

The constraints of international institutions, creditors and domestic politics are real. But Sri Lanka and Sri Lankans still have a great deal of agency. This is true of our own history - such as in 1977 when we liberalized via an IMF programme, but also set-off on the misguided accelerated Mahaweli adventure. The history of other countries too illustrates the agency countries have even when deeply enmeshed within an international system. A recent Twitter thread on the supposed French socalist turn away from austerity in 1983 illustrates this well. And that agency must be used, and used wisely. Even though there is now broad consensus on the direction Sri Lanka must take; the priorities, details and sequencing of Programme 17 must be fleshed out and implemented. That requires a national conversation and thereby some semblance of national consensus.

Cosmetic compliance

Sri Lanka's first IMF programme was in 1965. Since then we have entered into 9 other standby arrangements and 6 extended facilities. Of these 16 programmes, only six were completed.

In reality, our completion rate is even worse. Only two of the completed programmes were extended facilities, focusing on long term structural reforms. And they were both prior to the 1990s. The remaining four were stand-by arrangements targeting short-term stabilization rather than long-term structural change.

Facility	Date of Arrangement	Expiration Date 4/	Amount Agreed	Amount Drawn	Amount Outstanding
Extended Fund Facility	Jun 03, 2016	Jun 02, 2019	1,070,780	715,230	715,230
Standby Arrangement	Jul 24, 2009	Jul 23, 2012	1,653,600	1,653,600	0
Extended Fund Facility	Apr 18, 2003	Apr 17, 2006	144,400	20,670	0
Extended Credit Facility	Apr 18, 2003	Apr 17, 2006	269,000	38,390	0
Standby Arrangement	Apr 20, 2001	Sep 19, 2002	200,000	200,000	0
Extended Credit Facility	Sep 13, 1991	Jul 31, 1995	336,000	280,000	0
Structural Adjustment Facility Commitment	Mar 09, 1988	Mar 08, 1991	156,170	156,170	0
Standby Arrangement	Sep 14, 1983	Jul 31, 1984	100,000	50,000	0
Extended Fund Facility	Jan 01, 1979	Dec 31, 1981	260,300	260,300	0
Standby Arrangement	Dec 02, 1977	Dec 01, 1978	93,000	93,000	0
Standby Arrangement	Apr 30, 1974	Apr 29, 1975	24,500	7,000	0
Standby Arrangement	Mar 18, 1971	Mar 17, 1972	24,500	24,500	0
Standby Arrangement	Aug 12, 1969	Aug 11, 1970	19,500	19,500	0
Standby Arrangement	May 06, 1968	May 05, 1969	19,500	19,500	0
Standby Arrangement	Jun 15, 1966	Jun 14, 1967	25,000	25,000	0
Standby Arrangement	Jun 15, 1965	Jun 14, 1966	30,000	22,500	0
		Total	4,426,250	3,585,360	715,230

But we are getting ahead of ourselves: what is an IMF programme in the first place? An IMF programme is simply an agreement where a government commits to quantitative targets (such as a budget deficit target) and structural reforms. In return, the government gets access to finance, which is released in stages, upon completion of specific milestones. The IMF also issues report cards - called reviews - at regular intervals on programme performance. These are used to gain credibility with creditors and donors, unlocking further access to finance.

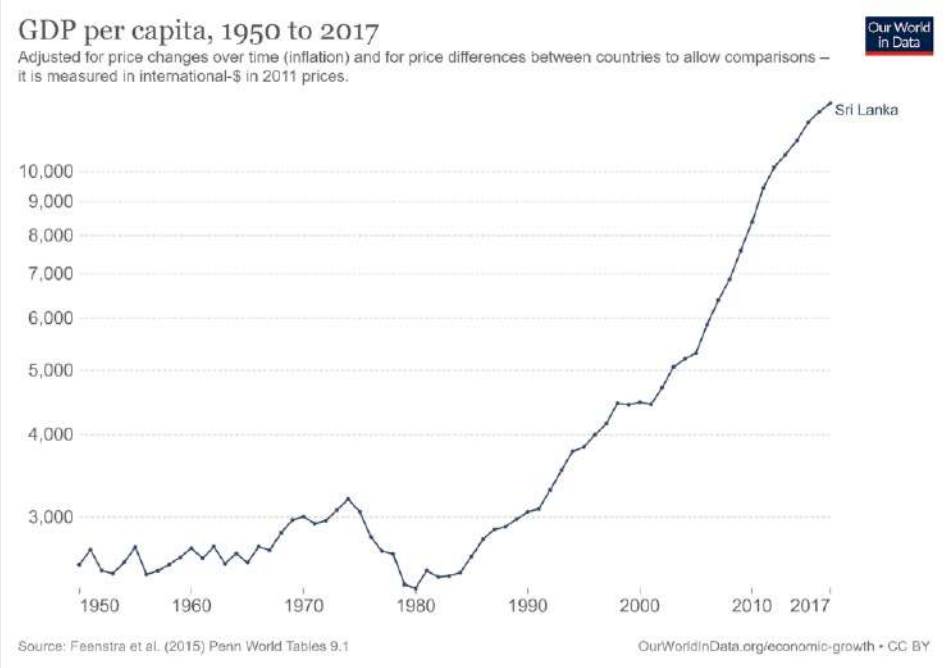
Plus ça change

As noted earlier, of the two main types of IMF programmes, extended facilities are the more ambitious. They last longer and are intended to rectify structural problems. When we review the six extended facilities Sri Lanka has obtained, the same themes keep propping up over the decades:

- Price distortions: removing price controls, especially in energy and agricultural markets, to reduce shortages and encourage production.
- Exchange rate distortions: permitting exchange rate depreciation via flexible change rates to encourage exports and discourage imports.
- Trade liberalization: eliminating import controls, simplifying the tariff structure and reducing tariff rates to encourage trade and exports.
- SOE reform: reducing budgetary support from the exchequer, privatization and improving SOE management and governance to improve government finances and productivity.
- Public expenditure: reducing expenditure, reducing civil service headcount + politicization and expenditure management systems to reduce government borrowing.
- Social transfers: replacing subsidies and in-kind transfers with cash + targeting transfers to those that really need them to make the social safety net more effective and efficient.
- Revenue measures: increasing taxes, eliminating tax loopholes, improving tax administration and simplifying the tax system to reduce budget deficits and enable greater public goods provision.

A summary of each of the six programmes can be found at the end of this article.

When Sri Lanka requested its first extended facility in 1979, prices were controlled, imports were licensed, economic activity was largely in government hands and social transfers were riddled with inefficiency. By 1994, following a number of extended facilities, Sri Lanka had greatly liberalized. Price controls were lifted (including the exchange rate), imports flowed freely with a simple three-band tariff structure (capped at 35%), exports boomed and SOE privatization boosted productivity. Less success was found in reducing public expenditure, increasing revenue and targeting social transfers. However, there was some progress here too, under the conceptual aegis of the Administrative Reforms Commission (Wanasinghe Commission) recommendations. In fact, the numbers are clear. Sri Lanka's economy took-off only after its first extended facility in 1979. Economically speaking, the foundations for our relative rise from misery were laid in the late 1970s and 1980s.



Despite the absence of IMF programmes between 1994 and 2001, this trajectory continued and even accelerated in some respects. SOEs like SLT, Queen Elizabeth Quay and Air Lanka were privatized. The investors - Nippon Telecom, Maersk and Emirates - brought in FDI and world-class technology and talent. In contrast to the current crisis, following the Asian Financial Crisis, rather than closing borders, Sri Lanka signed its first free trade deals, with India and Pakistan. Capital markets developed. The private sector grew. Free trade zones kept expanding. Services exports gathered momentum. Even though Sri Lanka, unlike its competitors, was unable to add a major manufactured export in this time (the apparel and solid-tyre duet began in the late 1970s and early 1980s), overall things were going in the right direction. Growth was relatively robust, at 5.3% for the decade, despite the albatross of the civil war.

Turning back the clock

It is only in 2005 that shades slumbering since 1977 roused themselves and drifted forth from the Medamulana mirkwood. They stealthily transformed the Treasury into a tower of caprice and closed economics. Price controls and tariffs started creeping back, increasing consumer and input good prices, while only benefiting a small coterie of politically connected protectionist and parasitic businessmen. By 2015, Sri Lanka had turned full circle: we were nearly as closed an economy as in the 1970s.

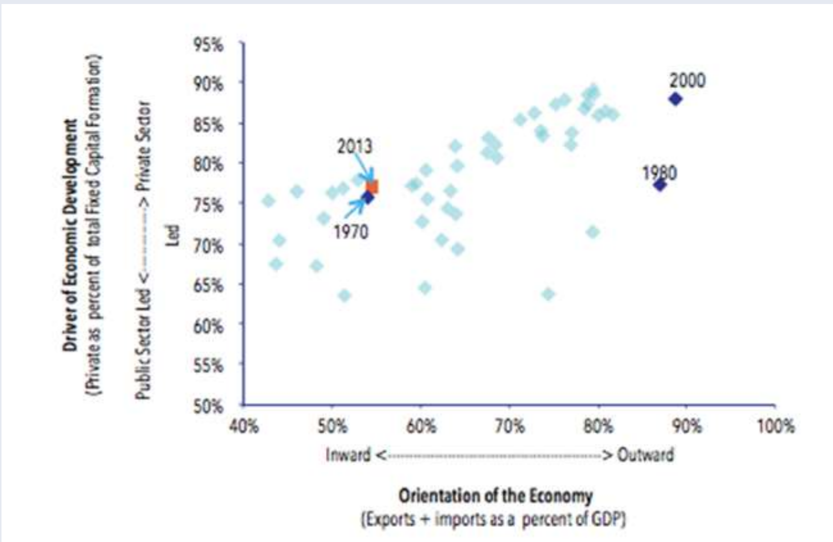


Figure 1.1 :- Balancing between inward vs. outward orientation and public vs. private sector driven development; Sri Lanka 1965-2013

Source: World Development Indicators. All data refer to Sri Lanka

Privatization not only stalled but reversed. Government expenditure rose via debt fuelled expansion of the public service and white elephant infrastructure. Gorging gluttonously at the over-liquid trough of global capital markets also resulted in heavy capital inflows. These precipitated overvalued exchange rates, which were further inflated by hot-money pouring in following the war's end. In relative terms, imports rose and exports fell. This debt party created the enabling conditions to reverse the 1979 to 2004 consensus. All in all Sri Lanka slouched back to the 1970s between 2005 to 2015.

The Yahapalanya years did not succeed in fully undoing this damage. The first proper primary surplus in over half a century, a new Inland Revenue Act and a higher direct tax ratio are all landmark achievements, largely attributable to the late Mangala Samaraweera. This followed-on from the pivotal role he played in removing the EU fishing ban, regaining GSP+ and securing the MCC Compact as foreign minister. But all that was necessary was not politically feasible. A task made harder by the 2018 coup and the Easter Bombings, which together put the economy into a tail-spin from which it is yet to emerge.

Then came the elections of 2019, 6.9 million voters handed over power to the adherents of Jathika Chinthana, N.M. Perea-Sirima economics and pocket-lining protectionism. Their confused, bastardized economic nirvana was trying to have the cake and eat the cake, while calling the cake kavun. It was a curious mixture of high modernism, superstition, naivety and envy. The equivalent of checking Gnakka's latest oracles on an Apple watch while, in a most superior fashion, indolently supervising some oppressed fellow (generally in a caste, class or ethnic sense) tilling an organic paddy field to no avail. Complemented, of course, by an occasional Tweet decrying foreign conspiracies and calling for an import ban of all things foreign, posted from an iPhone ensconced in a homespun Barefoot phone-case

It was an economic policy that perfectly reflected the structure of their minds. And thus, the closed, controlled license Raj marauded in all its heinous glory. As debt, hunger and unemployment slowly, then swiftly, ravaged the island, they stuck to the only thing they knew. Denial was their strategy. And this strategy - born of a paradoxical combination of insularity, insecurity, hubris and rank incompetence - unsurprisingly failed.

The Final Programme

It is often said that countries, instead of learning from the mistakes of others, only learn from their own mistakes. Sri Lanka seems particularly pig-headed. We do not even learn from our mistakes. This time must be different. The question is how?

The IMF's negotiating power is always greatest prior to a programme, large in the early stages and wanes quickly as the economy stabilizes. As a result, the stabilization components of IMF programmes - especially the components that increase revenue and reduce expenditure - tend to be implemented relatively successfully. However, in practice, the IMF kapuralas too are often incentivized to come to agreements fast. In negotiations the urgent need for assistance today, and the short-run political incentives of those in power, often trump tough negotiations to push-through reforms that will yield fruit for decades. The challenge is to entrench these reforms and undertake the longer-term structural changes that are the true catalysts of growth.

The themes of this final programme need not be very different from the past six extended programmes. But their sequencing needs to reverse. The structural reforms need to come first, as prior actions that are undertaken before a programme is agreed on. This is especially true of reforms that are politically costly in the short-term but simple to implement. Politically costly reforms that require passing simple legislation - e.g. repeal of the Paddy Lands Act which prevents effective land use or transformation of the Railway Department into a SOE - are prime examples as they can be passed in a few weeks and don't require complex drafting. As are laws where the complex work has already been done e.g. Monetary Law Act. The second and third tranches can be allocated for politically costly and complex reforms that might take some time to formulate, such as fiscal rules or the creation of a competition authority. The imperative for front-loading reforms is particularly acute considering the expected political cycle, with elections scheduled for 2024. Therefore, the case for front-loading politically controversial reforms is especially strong in Sri Lanka today.

The authorities and Opposition must take inspiration from China; which used multilateral programmes such as this as a commitment device to bind themselves. The spirit and tenor of negotiations must not be minimal, cosmetic compliance to get the next tranche of cash. It must be a comprehensive roadmap for economic breakthrough that is decisively implemented. The table below presents an example such a roadmap; a six tranche programme that lasts over a 36 month period. Further details on these measures can be found in A Crisis Manifesto, A Five Year Accelerated Economic Catch-Up Plan and A New Deal for a New Sri Lanka.

Pre-Agreement Prior Action	*Remove price distortions* • Fully float the rupee • Pass primary legislation ensuring market-based pricing of energy • End import restrictions and licensing *Raise revenue* • Reverse December 2019 tax cuts • Pass legislation indexing cigarette and alcohol taxation • Raise CMC rates *Improve productivity and contain costs* • Divest SLT-Mobitel, SLIC, Lanka Hospitals via CSE • List BOC, People's Bank, ECT, JCT, UCT, BIA and Ratmalana (ideally with a strategic FDI anchor investor) • Create a holding company with an independent board for natural monopoly SOE management • Convert the Railway Department into an SOE • Pass primary legislation to converge tariffs with ASEAN average over a 5 year period with 3 simple tariff bands • Launch negotiations on CEPA, ASEAN FTA and RCEP • Repeal the Paddy Lands Act • Open up all aviation services to free competition • On arrival tourist visas for citizens of all countries *Increase return on public expenditure* • Replace subsidies and in-kind transfers with cash transfers • Freeze public sector and army wages below staff grade • Introduce army reserve and reduce defence wage bill
Review I	*Constrain overmighty executive* • Pass Monetary Law Act • Pass EPF independent from CBSL • Pass fiscal rules with super-majority removal requirements (particularly on foreign commercial borrowing) • Pass laws requiring auction of all major licenses e.g. telecom, liquor *Productivity improvement through modernization* • Customs Act • Inland Revenue Act • Break-up of owner-operator-regulator • Relaunch MCC Compact process
Review II	*Build export industries* • PPP Industrial Zones with global industrial zone operators • Liberalize immigration (OECD get 3 years visa stamped on production of passport at immigration department) • Transfer JEDB & SPC land to workers + villagers on freehold basis *Improve economic governance* • Public Financial Management Act & E-procurement • Competition Act • Excise Act
Review III	*Unlock connectivity investment* • PPP Key Infrastructure ○ Talaimannar, KKS, Palaly • PPP railway lines / Railway Board • Freeport status for all airports (all 9 freedoms of the air) • Industry-enabling capex target, and reduction in irrigation investment *Build civil service capacity* • Modernize civil service recruitment and promotion systems • Create a Sri Lanka Economic Service & Public Services Scholarship Scheme • Run PISA assessment

Review IV	• Introduce Western Province land tax • Tax deduction for maternity benefits • Property rights • Transfer 30% of RPC land to workers + villagers
Review V	• List CPC distribution business • Grant 5 digibanking licenses to non-incumbent players • Increase judges cadre and digitize judicial proceedings • Any pending items from past programmes
Review VI	• Any pending items from past programmes

Note that some of the suggested measures - for example launch of MCC Compact -have not usually been associated with IMF programmes in the past. But the government can always choose to include them in a programme as commitment device to signal seriousness and generate confidence.

Good politics = good economics

However, some of the most important reforms required need foundational infrastructure of the precise sort that was removed with the 20th Amendment. For example, the Monetary Law Act, which sought to depoliticize the Central Bank and make it more independent, relied on the Constitutional Council to ensure independent appointments to the governing board. As we all know, the 20th Amendment replaced the relatively independent Constitutional Council with the rubber-stamp Parliamentary Council. Therefore, some of these reforms have been moved to Review I or Review II as they require either constitutional reform, or the development of more complex bills, such as inclusion of super-majority parliamentary confirmation of office-holders, to ensure that they are fit for purpose.

The need for this foundational political economy infrastructure can illustrated with two other cases. First, consider the fate of the borrowing limit introduced in successive budgets. In May 2020, despite breaching this limit, the Government chose to keep borrowing. The Central Bank facilitated this illegal activity by printing money to purchase government debt. The courts too ignored petitions seeking to remedy this violation of the law and constitution. Without the separation of powers, an effective system of checks-and-balances and the rule of law, executive constraining legislation like Fiscal Rules or the Monetary Law Act will be unable to achieve their purpose. The IMF too must be study the lessons of the Fiscal Management Responsibility Act it sponsored in the early 2000s. That law, to put it a little unkindly, is not worth the paper it is written on.

Second, probably by virtue of our colonial history, the executive is vested with exceptional discretionary tax powers. The infamous midnight gazette permits an erratic and often irrational tax policy to prevail. Powers of taxation must move to parliament and be placed on a statutory footing. For example, in Sri Lanka's 21st century version of the Corn Laws, I submit we ought to, through the relatively entrenched vehicle of primary legislation, converge our effective border tax rate to the ASEAN average within 5 years and the average of ASEAN, Singapore and Dubai within 10 years, pegging the effective tariff rate to those economies going forward.

In conclusion, economic development is, more often than not, the political problem of building coalitions to change institutions, laws and norms to allocate resources more efficiently. The core of our IMF programmes - removing price distortions, increasing government revenue, improving government expenditure efficiency, privatizing SOEs, removing barriers in factor markets like land and labor - have been really about solving allocation problems. IMF programmes themselves are not immune from this logic. In order to grasp history by the horns and truly make what may be our last chance for breakthrough work, Sri Lanka must allocate its best and brightest to the complex and challenging task of designing, defending and implementing Programme 17. The recent removals and appointments to the offices of finance minister and central bank governor are a start. The appointment of an exceptionally capable advisory committee is another step in the right direction. This momentum must be built upon.

However, the fundamental allocation problem in our economy cannot be solved by IMF programmes. Sri Lanka's fundamental allocation problem is found in elections. If we continue to elect fools, knaves and charlatans then no amount of cunning policy or courageous protest will deliver us from this quagmire. We have the longest history of universal suffrage in Asia and are thrice-blessed to be at the center of the Indian Ocean, at the gateway to India and astride the main East-West sea-route; at least now we must learn from our mistakes, take our fate into our own hands and exercise our agency - using all the resources at our disposal, whether voice, wallet or vote. We must make Programme 17 the last or remain in the economic dustbin of history for generations.

SUMMARY OF PAST EXTENDED FACILITIES

	IMF Description	Key Reforms
1979 **EFF** Completed	"The extended arrangement, which was approved by the Fund in January 1979, was in support of a program designed to increase output and employment and strengthen the balance of payments…measures to **correct price distortions** relating to internationally traded goods were expected to **strengthen export incentives** and **shift the composition of imports toward relatively larger shares of intermediate and investment goods**. The same policies were also expected to improve incomes and production in agriculture, thereby adding to demand for domestically manufactured goods and contributing **to higher levels of employment.** Liberalized trade and payment policies were to be pursued to improve further the allocation of resources."	• Price liberalization • GCEC/FTZ • Export tax reduction • Public investment ↑ • Consumer subsidy ↓
1988 **SAFC** Completed	"At the heart of the adjustment effort is a reform of the public sector: its efficiency, its institutions, and its **claims on resources**….The purpose of the fiscal adjustment is to reduce wasteful expenditures; make public expenditure programs more efficient; and **increase the role of the private sector in the economy**. Equally important are measures to develop an outward-looking and internationally competitive industrial sector and promote exports. A flexible exchange rate policy is an essential component of such measures."	• Flexible FX rate • Tariff liberalization • Civil service headcount ↓ • Civil service recruitment based on exams • Budgetary support for SOEs ↓ • Subsidy and transfer ↓ • Expenditure control management • Finance company restructuring
1991 ECF Not Completed	"Restructuring the Government budget through **public expenditure rationalization** and continued **tax reform**; **public enterprise reform** to foster efficient allocation of resources; **improvements in the regulatory environment to promote investment and competition**; **financial sector reform** aimed at enhancing the **efficiency of financial intermediation** and **monetary management**; and further actions to **liberalize external transactions**.	• Privatisation, including plantations. • FX liberalization • Tariff liberalization & simplification • Constant real wage bill • Social transfer targeting • Expenditure control, monitoring • SOEs budgetary support ↓ • Tax reform e.g. VAT • CGR corporatization

2003 EFF + ECF Not Completed	Enhancing the growth potential of the economy by creating **stable macroeconomic conditions** mainly through **fiscal consolidation** and implementing key structural reforms to facilitate private sector led growth. It also envisages revitalization of the rural economy, enhancing rural infrastructure including quality of education, providing sufficient healthcare and better targeting of health expenditures and r**ationalization of welfare programs and better targeting**.	• Ending tax loopholes • Fiscal rules • Pension reform • Privatization • Utility oversight and unbundling • Labour market flexibility
2016 EFF Not completed	"A return to **fiscal consolidation**…is the linchpin of the reform program. Rebuilding tax revenues through a c**omprehensive reform of both tax policy and administration** will be key in this regard, supplemented by steps toward more effective **control over expenditures** and **putting state enterprise operations on a more commercial footing**. Medium-term growth prospects also need to be supported through a greater role for market forces and a decisive shift toward an outward orientation. A clear commitment to e**xchange rate flexibility** will enable adjustment to a shifting external environment while allowing the central bank to rebuild foreign exchange reserves and focus more closely on its key mandate of price stability. The economic program also supports the government's objective of boosting competitiveness and greater integration with regional and global markets through **comprehensive trade reform** and improvements to the investment environment"	• Legislative and administrative reform of taxation • Central bank independence • Fiscal rules • Tariff liberalization • Public finance management

| Source : Daniel Alphonsus

Events

SLSBC Members Networking Evening

The Members Networking Evening was organized by the Sri Lanka – Singapore Business Council (SLSBC) of the Ceylon Chamber of Commerce. The event was organized with the objective of providing an opportunity for members to interact amongst themselves, with the Singapore expatriate community in Sri Lanka and senior officials of key Government Institutions relevant to business. The organizing of this event is in keeping with an objective of the Sri Lanka - Singapore Business Council as a facilitator of business for its members.

The event which was held at the South Lawn, Taj Samudra was well attended by over 80 persons including members of the SLSBC which has now grown to 90 member companies and special invitees. Senior officials of the Board of Investment, the Export Development Board, Sri Lanka Tourism Development Authority, Sri Lanka Customs were amongst the special invitees.

The launch of the Sri Lanka – Singapore Business Council website was also taken place.

Webinar on

The "Private Sector Role in Enhancing K-12 Education in Sri Lanka"

The Education Subcommittee of the Sri Lanka Singapore Business Council (SLSBC) organized a free webinar titled "Private Sector Role in Enhancing K-12 Education in Sri Lanka". The objective of the webinar was to find gaps in the current education system that can be filled by private companies, foundations, and private educational institutions. The webinar, which was held via zoom on Wednesday 23rd March 2022, featured three industry experts: Dr. Harsha Alles (Chairman, Gateway Group, and Member, Presidential Task Force on Education Reform), Dr. Sujata Gamage (Senior Research Fellow at LIRNEasia), and Dr. Upali M. Sedere (State Secretary, Ministry of Education Reforms).

Sub-Committee Updates

01 Gem & Jewellery Sub-Committee

CHAIR - MR. ARMIL SAMMON

TARGET:

Enable ease of purchasing and increased supply and manufacturing from Sri Lanka via Singapore.

ACTION:

As a result of number of discussions with the National Gem and Jewellery Authority, the Department of Posts and Sri Lanka Customs in collaboration with the National Gem and Jewellery Authority, which is part of the State Ministry of Gem and Jewellery, created an online system.

This allows the gem industry to sell gems and Jewellery valued at less than US$3,000 to international buyers via online which will be sent as general cargo. With the launch of the web portal, more chances to access the foreign market will become available. This benefits the country and provide a solution for increasing foreign exchange. Gems and Jewellery export earnings are currently around US $ 265 million per year.

02 Real Estate Sub-Committee

CHAIR - MR. SHILUKA GOONAWARDENA

TARGET:

To promote Sri Lanka as a destination for both FDI into the real estate sector as well as promoting real estate in SL as an individual investment opportunity in Singapore.

ACTION:

Access the Summary of Selendiva Investments via the following link

https://drive.google.com/file/d/1YbwJ-TQDc6gW-mTgsoqr9uBDvSD_Ugfl/view?usp=sharing

03 Healthcare/Pharma Sub-Committee

CHAIR - DR. LAKITH PIEIRS

TARGET:

Core purpose is to get businesses to Sri Lanka and leverage businesses Core purpose is to get businesses to Sri Lanka and leverage businesses vise-versa. There are about 6-7 sectors which Singapore Council has identified. This sub-committee could work on Healthcare/Pharma sector which Singapore could bring down their new technologies/expertise/businesses to the sector and vice-versa.

ACTION:

- Consider joint ventures on pharma manufacturing using Singapore expertise for contract manufacturing and high-end molecules.
  - Draft paper on JV's on Pharma manufacturing has been done.
- Explore expertise in Singapore related to e-health and digitization on EHR, remote care, connected care, wearables, command centres. To engage and collaborate.
  - A draft of the digital healthcare road map has also been completed.

04 Education Sub-Committee

CHAIR - MR. YUKTHI GUNASEKERA

TARGET:

Increase bilateral trade in Education between Sri Lanka and Singapore across the entire education spectrum: preschool, primary, secondary, tertiary, vocational, educational technology, corporate training, and executive coaching. In addition, the sub-committee seeks to enhance education access, standards, and achievement for Sri Lankans through collaboration, knowledge-sharing (best practices), and joint ventures between Sri Lankan and Singaporean entities.

ACTION:

1. Report / Press Release on K-12 Webinar

The Education Subcommittee will produce a report / press release to document the learnings from the K-12 webinar. This document will be circulated among relevant stakeholders, including our partners in Singapore: ESG and SBF.

2. Webinar on Investment Opportunities in Sri Lanka's K-12 Education Space

Given the interest shown by audiences from Singapore and other Southeast Asian countries in the K-12 Webinar, the Education Subcommittee plans to hold a follow-up webinar where the focus will be on how foreign private educational institutions can invest directly in the K-12 education space in Sri Lanka.

05 | Agriculture/ Food Processing/ Security Ag-Tech Sub-Committee

CHAIR - MR. PRASHANTH PREMKUMAR

TARGET:

- Work with ESG/SBF to promote Agri Tech and Agriculture based companies in Sri Lanka to Singapore based investors. Connect to regional opportunities in Agri Tech.
- Create a platform for Sri Lankan Agri Exporters and aspiring exported to connect to Singapore based buyers and trading companies.

ACTION:

The subcommittee is working with the Sri Lankan Agri-Entrepreneur Forum, and a webinar will be held at the end of May to raise awareness.

06 | Rubber, (Tyre, Auto parts) & Plastic, Boat Manufacturing Sub-Committee

CHAIR - MR. INDRA KAUSHAL

TARGET:

To increase the exports of Rubber and associated products. To help create joint ventures and promote investments into local production.

ACTION: The new management of the Plastics and Rubber Institute of Sri Lanka (PRI) intends to review the Memorandum of Understanding (MOU) with the Plastics and Rubber Institute of Singapore.

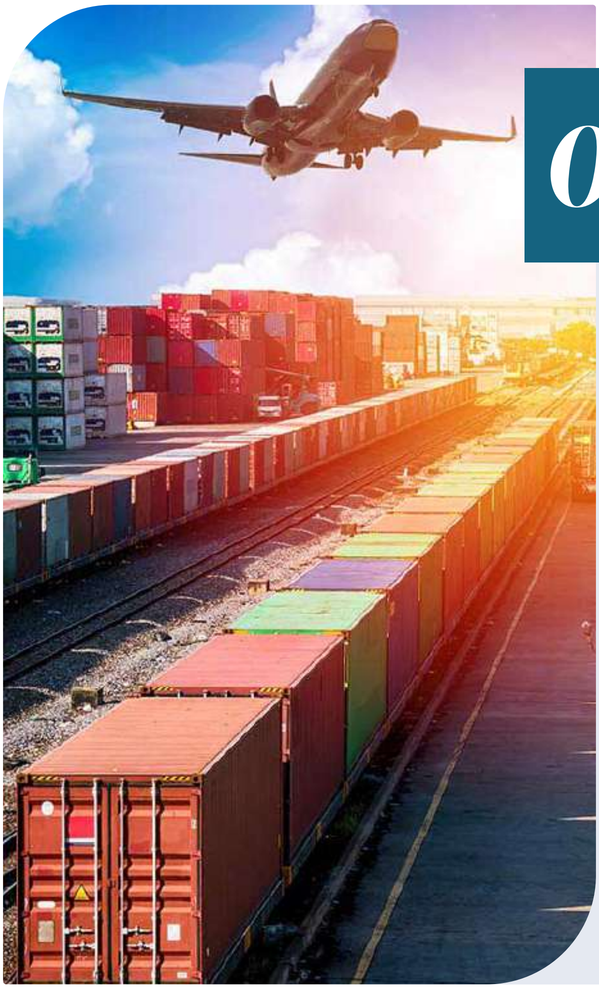
07 Boat Manufacturing Sub-Committee

CHAIR - MR. INDRA KAUSHAL

TARGET:

To be showcasing the Sri Lanka boat manufacturers at the Singapore boat show and to highlight and give exposure to the boat show held in Sri Lanka.

ACTION:



08 Logistics, Supply Chain and last mile Sub-Committee

CHAIR - MR. JEROME BROHIER

TARGET:

The focus of this subcommittee will be initially confined to Last Mile Delivery which is an area of interest by Singapore Investors and also poised for growth. Other objectives are as follow:

- Explore opportunities for attracting investment from Singapore to this industry
- Bring in new technology to further improve the industry
- Identify and resolve any regulatory issues that hinder growth to the industry
- Explore avenues to create growth and enhance volumes

ACTION:

The objectives have been restructured by the subcommittee to reflect the current requirements of the sector.

New Members

Beauty Gems

Beauty Gems established in 2003 as a partnership company with family members. With having knowledge of the industry and proud family traditions and respect and almost notably passion has been passed through generations.

Beauty Gems is one of the largest gemstone dealers in the country. We offer the most beautiful gemstones varying from highest to commercial fine collection of Ceylon Blue Sapphires. Beauty Gems trades gems such as Blue Sapphire, Yellow Sapphire, Cat's Eye, Alexandrite Cat's Eye, Star Sapphires, Rubies, Pink Sapphires, Alexandrite, Padmardhacha, Tsavorite and Spinel.

Beauty Gems guarantees customers receives the greatest selection of gemstones in high quality and excellent service. Beauty Gems also exports Gem Stones to major markets in the world specially Hong Kong, New York, Los Angeles, Bangkok, London, India, Singapore, France, Germany, Shanghai, Beijing and Shenzhen.

J.M. Wickramarachchi & Co. (pvt) Ltd.

J.M. Wickramarachchi & Co. is a top-notch provider of electro medical equipments, spectacles, sunglasses, contact lenses, lens solutions, medical equipment, audiology and hearing aids across Sri Lanka since 1976. Our company is a core contributor to continuously uplifting the professional standards of eye care and hearing care industry of Sri Lanka to the present level. Our brands are closely integrated into the hearts of the Sri Lankan people in checking vision and hearing capabilities supplying quality products exceeding the public expectations.

Spillburg Holdings (Pvt) Ltd

Spillburg Holdings is a limited liability company, having its primary objective to offer specialized services for potential investors to set-up operations in Sri Lanka. Spillburg Holdings (Private) Limited is a business advisory cum management consultancy company providing our clients with a diversity of services aiming at improving their businesses through a broad range of value added consulting services. Our main objective is to provide our clients with Value for Money services through a thorough understanding of their business ventures, evaluating business issues and providing timely advises to enhance the value and accelerate the growth of our clientele.

3DH International (Pvt) Ltd

3DH International Group is an innovative business enterprise founded by 4 dynamic individuals with a goal of creating a value based successful business conglomerate. Today the group has expanded to cater to many sectors such as Oil & Gas, Aviation, Power & Energy, BPO, Advertising & Marketing, Telecommunication, International Trade, Real Estate, Leisure & Information Technology, with a team of dedicated and competent professionals who are committed to deliver excellence with an intention to serve the nation by providing quality driven products and services with our trusted overseas and local partners.

We clearly understand our success depends on the success of our customers, their customers and our people. We believe our values and ethics would be a key differentiator from our competitors. Our firm determination for success lay a strong foundation for building a unique organization which transcend the known and unknown barriers and take us close to accomplish our mission.

Through our charity arm 3DH Foundation, we intend to share the wealth created with people less fortunate than our selves. With this inspiration and our commitment to success we intend to work endlessly in order to make 3DH International Group a responsible corporate citizen of our nation.

News from Singapore

Singapore Budget Infographics 2022

Upcoming Events and Meetings of SLSBC

- SLSBC Annual General Meeting will be held on 27th July 2022.
- The proposed delegations to Singapore have been postponed given the current situation in the country; nonetheless, a night out in Galle/Bentota has been planned for the 25th and 26th of June 2022. ESG and SBF speakers will be connected online.
- **Diriya Program**

  SME Digital Challenge

  Together with Dialog Axiata PLC, the Sri Lanka-Singapore Business Council mentors 20 small businesses in their digital transformation.

OBJECTIVE

- Encourage and enable adoption of digital tools and overall digitization of 20 Micro, Small and Medium Enterprises over a 12-month period.

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