

Country statement – Sri Lanka

HON. Ministers, Chairman, Vice Chairman and delegates,

From good news I have is that we are now recovering fast from the dark incident we had in April this year. As you would recall Easter Sunday left us with a very bad taste of terrorism. The Sri Lankan economy is gradually recovering from aftermath of Easter Sunday terrorist attack. There was a huge negative impact on tourism. Since finishing three decades of Civil war Sri Lanka's hope was tourism. Tourism sector grew since 2010 and in 2018 foreign inflows recorded USD 4.4 billion i.e. 05% of GDP. However, due to Easter Sunday attack tourist arrival declined by 71% in May, but has now started recovering gradually thereafter, with a declining of only 27% (y-o-y) in September.

Government has given temporary measures to support tourism sector by reduction of VAT, and other fiscal concession were granted until end of March 2020. A one-year moratorium on loans held by tourism sector was granted. In addition, government also launched a tourism promotion campaign, reduced the airline charges of embarkation levy and eased visa requirements to attract tourists.

End of year 2019 it is projected that the declining in tourism will only be 14% compared to 2018 and is expected to fully recover by 2020.

In 2016 government entered into an agreement with International Monetary Fund (IMF) Extended Fund Facility (EFF) for 03 years. The aim fiscal consolidation by revenue improvement. IMF reviews fiscal performance in the country half yearly and release agreed fund tranche accordingly.

During last 03 years Sri Lanka has taken several measures to improve fiscal performance. New Inland Revenue Act was introduced by broadening the Tax base and also broadening VAT tax base while increasing the rate.

IMF reviewed Sri Lanka's fiscal performance in September after Easter Attack, IMF board approved to release the 6th tranche in November 2019. After over 05 decades Sri Lanka for the first time recorded a primary surplus budget in 2017 and expecting to maintain same primary surplus budget in 2019 despite revenue slippage due to Easter attack.

Honourable Chairman so far I explained Sri Lanka's fiscal performance.

With regard to SDG goals, government has taken measure to strengthening social safety nets and supporting female labour participation reforms. A new electronic social registry and new eligibility criteria for welfare benefits scheme were introduced and submitted it to parliament for ratification. It will help better target and support the expansion of social programs and protect the most vulnerable group from economic shocks.

The government also is taking measures to implement gender-responsive budgeting, appointing gender focal points in all government agencies and collecting key performance indicators.

Efforts to liberalize trade and improve investment climate, government has taken measures for removing para-tariffs gradually for level playing for external trade competitiveness. To facilitate trade, simplification of boarder clearance procedures were introduced. The Trade information portal which is being set up, already has information from more than 40 different regulatory agencies, is helping streamline and fast-track investment approval process.

Sri Lanka in recent fast has experienced an increasing trend in facing weather related natural disasters due to climate changes inflicting severe damage. To meet this challenge through mitigation and adaptation measures, contingent budgeting and enhanced insurance scheme for natural disasters was introduced.

The government's positive approach towards public private partnerships in development, especially in infrastructure development, has initiated multiple milestone projects.

The agency called National Agency for Public Private Partnership (NAPPP) was established in 2017 to facilitate and oversee successful Public Private Partnership (PPP). NAPPP is expected to obtain technical assistance and know-how from various agencies to successfully negotiate and implement PPPs. Under this Sri Lanka has requested technical assistance from UNESCAP restructuring of petroleum sector of the government. Including re-engineering the organizational structure of the ministry of petroleum, institutional reforms for facilitating the exploitation of Sri Lanka's hydrocarbon resources. Hope UNESCAP will provide such assistance.

Sri Lanka is taking efforts to diversify, upgrade, and deepen Sri Lanka's production and export base to help meet the legitimate aspirations of our citizens for better living standards.

Thank you