



# CNCI NEWS BULLETIN

ISSUE 115  
AUGUST 2024

## CNCI Office Bearers

Mr. Kevin Edwards  
Chairman

Mr. Pradeep Kahawalage  
Deputy Chairman

Mr. Mahinda Saranapala  
Vice Chairman

Mr. Amila Sugathapala  
Vice Chairman

Mr. Ravi Rupasinghe  
Vice Chairman

Mr. Samuditha Kumarasinghe  
Vice Chairman

Mrs. Gayani Jayarathne  
Treasurer

Secretary General  
Mr. Samantha Wickramasena

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EXCHANGE RATES AS AT 31st AUGUST  
2024  
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## UPCOMING WEBINARS BY CNCI

**CNCI**  
Webinar

**Be an Effective Supervisor to Level Up Your Leadership & Supervisory Skills**

**Content**

- The Role of the Supervisor
- Principles of Effective Supervision
- Communication
- Leadership and Motivation

**19<sup>th</sup> September 2024**

**9.30 am - 12.30 pm**

**ZOOM**



## **MR. KEVIN EDWARDS RE-ELECTED CNCI CHAIRMAN FOR ANOTHER TERM**



Mr. Kevin Edwards was reelected chairman of the Ceylon National Chamber of Industries (CNCI) at the 63rd Annual General Meeting (AGM), which was held on August 30, 2024, at the Hotel Taj Samudra, Colombo. Mr. Shantha Weerasinghe, Secretary, Ministry of Industries, was the Chief Guest of the event.

Mr. Kevin Edwards is employed by E B Creasy & Co Plc and seconded for duties as Director / Chief Executive Officer of E B Creasy Logistics Limited, he has over 40 years of experience in the field of Logistics, Supply Chain Management, and International Trade.

He has been a member of the Executive Council of the CNCI for the last 22 years and a member of the Management Committee for 13 Years. Mr. Edwards also holds positions in several committees and chambers such as the National Trade Facilitation Committee, Sri Lanka Shippers Council, Ceylon Chamber of Commerce, Policy Committee on Formulation of Logistics & Shipping Industry Policy, Ministry of Finance, Board of Arbitrators of the Ceylon Chamber of Commerce and held positions in many others.

Mr. Shantha Weerasinghe addressing the AGM highlighted that the CNCI, being the pioneer chamber for Sri Lankan industry is providing an invaluable service to the industrial sector in Sri Lanka in aiding industrial growth, innovations, expansions, penetration into new markets, and filling the gaps between what they have and what the industry demands. Mr. Shantha Weerasinghe also commented on the CNCI's involvement during the past few years in paving avenues for industrial development as one of the leading chambers in Sri Lanka and commended its service, while extending his wishes to Mr. Kevin Edwards, the Chairman of the Ceylon National Chamber of Industries.

## CNCI submits requests to four Presidential candidates



The Ceylon National Chamber of Industries (CNCI), the oldest Industrial Chamber established in 1960, have made requests to four Presidential candidates, Ranil Wickremesinghe, Sajith Premadasa, Anura Kumara Dissanayaka, and Namal Rajapaksa to take necessary actions to move the country towards a better future says Chairman, CNCI, Kevin Edwards. (Pictured)

The proposals and suggestions:

1. The present import CESS that is imposed on certain products after careful study over a period of time to uphold local manufacturers should not be reduced or removed through Budget 2025 or beyond without consultation from local industry experts.
2. Local industries which are having local value addition of more than 35% should be given protection when trade liberalisation programs are implemented.
3. Sri Lanka's Gross Domestic Expenditure on R&D is only around 0.13% of GDP (China – 2.4%, Thailand – 1.3% and Malaysia – 1%). Triple reduction of R&D expenses including materials and salaries were allowed to be deducted from the profit and loss account prior to 2017. However, it was repealed by the Inland Revenue Act no 24 of 2017. Triple reduction of R&D expenses should be reintroduced to encourage the private sector to invest more in R&D to drive industrial innovation in the country.
4. Reduce corporate tax from 30% to 20% for export businesses and manufacturing industries – Sri Lanka's present corporate tax of 30% is one of the highest in the region (China – 25%, Vietnam – 20%, Indonesia – 22%, Thailand – 20%, India 15%-30%) which makes Sri Lanka's industries uncompetitive and also unattractive for export-oriented businesses.
5. Remove SSCL – SSCL is an indirect tax charged on turnover and thus has a cascading effect where tax on tax is paid on every step of the sale of a good or service with the final burden being felled squarely on the end consumer, at a much higher scale than what the tax percentage suggests.
6. Establish a State Development Bank to support the industrial sector, similar to how NDB and DFCC operated before they were privatized – Many countries successfully utilize Development Banks to support their local industrialists to obtain funds at very nominal interest rates without any/limited collateral (i.e Industrial Development Bank of India).
7. Concessionary Rates for Industrial Waste Incineration: Implement a state-owned facility with reasonable rates for the incineration of industrial waste to promote environmentally friendly practices and efficient waste management.
8. Fixed time period for approvals: Introducing a fixed timeline for the approval processes to enhance efficiency and predictability for importing raw material and other activities carried out by the relevant government institutions.
9. Develop a robust mechanism for screening imported goods to eliminate low-quality products entering the local market. i. At present Sri Lanka predominantly controls imports through tariff lines, which is a timeworn system and it has very limited impact due to unethical practices that take place at the point of importation. As a safeguard measure, many countries now regulate imports by introducing compliances and strict quality control systems by imposing certifications from nominated testing institutions. ii. Sri Lanka also should develop a robust quality assurance mechanism for screening imported products in discussion with industry sector experts.
10. Sri Lanka has already signed FTAs with India, Pakistan, Singapore, and Thailand whilst the Government intends to sign FTAs with Bangladesh and China. As a country, we should explore the possibilities of signing bilateral trade agreements with developed economies to promote our products and services, as those countries do not directly compete with our local industries due to their high labour costs among other factors. These higher costs in developed economies will allow us to continue some of our exports to those destinations. The local industry sector experts should be consulted before entering into any negotiations on FTAs and bilateral agreements through a transparent mechanism.



## Govt cannabis investment plan gets interest from 30 investors



**ECONOMYNEXT** –A plan to cultivate and make and export value added products from cannabis has drawn 30 investors, State Minister for Investment Promotion, Dilum Amunugama said.

Sri Lanka has made a set of regulations for cannabis cultivation.

“We have got about 30 applications and they are being processed by a committee,” Minister Amunugama said.

” No one has come to the growing stage yet. But land allocation is being done.”

The committee is made up of officials that include representative of the Department of Ayurveda and the Board of Investment.

Canabidiol, (CBD or cannabis oil), is one of the primary products of the industry which is used in medicinal and other applications.

“CBD extraction or oil extraction will be the minimum value addition. If they want to go beyond that for whatever the final product is that, they can also do that, within the dedicated zones.

The projects will be located within the Mirigama and Kandy Stage II zones.

CBD companies grow cannabis in sophisticated greenhouses.

The firms have to deposit two million dollars with the Board of Investment. A levy will be charged on the export of products, Amunugama said.

Source: -The Island – 25/08/2024

## ADB and govt. sign US\$100 million loan agreement to bolster power sector sustainability



The Asian Development Bank (ADB) and the Government of Sri Lanka signed a loan agreement yesterday for US\$100 million for subprogram 1 of a policy-based loan (PBL) to support and facilitate reforms aimed at enhancing the financial sustainability of the power sector in Sri Lanka. This loan is part of a broader programmatic approach PBL, consisting of three subprograms totaling US\$300 million, dedicated to transforming the power sector. Mahinda Siriwardana, Secretary to the Treasury signed on behalf of the Government of Sri Lanka and Takafumi Kadono, Country Director, ADB, Sri Lanka Resident Mission signed on behalf of ADB.

On July 11, ADB Principal Energy Specialist Jaimes Kolantharaj said that financial Sustainability Program would complement the International Monetary Fund’s Extended Fund Facility arrangement and bolster the operational efficiency and competitiveness of country’s power sector.”

He further noted: “The program would help create a conducive environment for private investments, boosting renewable energy development, and modernizing power grids.

“Developing cost-competitive renewable energy and providing reliable and affordable electricity supply—with a transparent and independent power sector regulatory framework—will help Sri Lanka drive economic growth and address the current financial and economic crisis.”

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Source: -The Island – 07/08/2024

## Hayleys Group reports economic value creation of Rs. 150 billion

Hayleys PLC, Sri Lanka's largest public-listed diversified conglomerate, reported an economic value creation of Rs. 150 billion, parallel to delivering progress on its sustainability targets over the last financial year (FY2023-24). Accounting for a total of 5% of Sri Lanka's total export income, during the period in review, Hayleys earned USD 591 Mn foreign exchange income. As a net exporter, 54% of group revenue was generated from exports.

The Group distributed Rs. 138.6 billion in cumulative economic value towards all stakeholders, including supplier development, government taxes, employee payments, lenders of capital and to shareholders – a 6.7% YoY increase.

"The evolution of the Hayleys Group has been characterised by a singular commitment to drive value addition and excellence across all spheres of its operations. Across its business lines, organic and inorganic growth has always centered on enhancing value through offering innovative and sophisticated solutions catering to increasingly complex customer needs. Today, our intrinsic link to every facet of the country's economy and our deep connections to international supply chains have allowed Hayleys to showcase the best Sri Lanka has to offer in the global arena," Hayleys PLC Chairman and Chief Executive, Mohan Pandithage said.

"We are proud of the progress being made to foster sustainable innovation and value-added export development. Leveraging inclusive business models, and a sincere commitment to driving circularity, we hope to build a more resilient future for all."

**Inclusive, innovative and empowered**

As one of Sri Lanka's largest employers, Hayleys supports the livelihoods of thousands of families, prioritising the critical role it plays in the well-being and development of its employees and value chain partners. Total jobs across the Group's global network increased to 36,266 employees. Payments to employees rose to Rs. 53 billion, reflecting the Group's enduring commitment to its workforce as it navigated the economic downturn. Employee development was also a priority, with Rs. 183 million invested in 369,589 hours of training.

Hayleys supports over 23,000 livelihoods through opportunities for indirect employment across its value chains. Through inclusive business models, the Group links grassroots enterprises, smallholders, and farmers to global value chains through outgrower models. Similar models were applied to the cultivation of gherkin, jackfruit, and tropical fruits, as well as eco-friendly coconut shell charcoal for value-added activated carbon products.

Payments to suppliers totalled Rs. 325.4 billion, with 54% allocated to local suppliers. The Group trained 1,318 suppliers through development programmes aimed at uplifting their livelihoods. Hayleys is also one of the largest taxpayers in the country.

"We will continue to leverage the Group's unmatched human capital, product capabilities, brands and relationships to drive deeper penetration in selected markets. Crucial priorities in the next financial year will include strategically embedding ESG to derive a competitive advantage, accessing new markets and optimising resources while effectively addressing critical social and environmental issues we face as a society," states Pandithage.

A centrepiece of the Sri Lankan economy, Hayleys, a public-listed entity, is Sri Lanka's most diversified conglomerate, with a global footprint spanning 18 countries in 5 regions. Hayleys is a champion of sustainable innovation and represents one of Sri Lanka's most prominent success stories.

Source: - The Island – 05/08/2024

## Litro Gas expands supply and distribution network with new channels and upgraded infrastructure

Litro Gas Lanka, Sri Lanka's leading LPG provider, has announced significant developments in its supply and distribution network. As per the Sales & Marketing Plans for 2024, areas are identified for supplier and distribution expansion. The company has undertaken a series of strategic initiatives aimed at enhancing the accessibility and reliability of LPG services across the country.

The existing distributor yards in Aluthgama, Panadura, Palamunai-Batticaloa, and Navalady-Batticaloa have been refurbished, featuring new office infrastructure and an expanded vehicle fleet. These upgrades are set to improve the quality of service and delivery efficiency.

In addition to these refurbishments, new distribution yards have been established in Wellawaya, Godakawella, Padeniya, Waradela-Kotadeniyawa, Walathapity-Ampara, and Mulamaldeniya. This expansion enhances service coverage, particularly in rural areas, providing better access to LPG for all Sri Lankans.

To support these operations, new staff members have been recruited from local communities, bolstering the workforce and promoting regional employment. The expansion also includes additional vehicles and infrastructure improvements, crucial for streamlining operations and ensuring efficient service delivery.

These efforts will integrate seamlessly with Litro Gas's primary filling operations at Kerawalapitiya and the newly commissioned Mabima storage and filling facility. This integration is vital for maintaining a seamless supply chain and addressing the increasing demand for LPG across the country.

Litro Gas's expanded and refurbished network will support the seamless supply of LPG to 4.5 million domestic households, 12,500 dealer points/sales points, over 16,000 HoReCa establishments (Hotels, Restaurants, Catering), and more than 6,000 medium and large commercial businesses.

Muditha Peiris, Chairman & CEO – Litro Gas Lanka, highlighted the company's commitment to ensure access to clean and safe energy for all Sri Lankans, stating, "Access to clean and safe energy is not a privilege but a fundamental right of every citizen. Our expansion efforts are a testament to our commitment to providing uninterrupted LPG supply to all parts of the country."

Source: - The Island – 19/08/2024

## Lanka could face severe implications if current policies reversed: CB



ECONOMYNEXT –Sri Lanka could face severe implications if it reverses current International Monetary Fund (IMF)-backed policy reforms, a top Central Bank official said amid the island nation's opposition politicians' vow to amend the IMF deal.

President Ranil Wickremesinghe's IMF-backed economic reform policies have helped to see some stabilization in the economy from contractions for 10 successive quarters amid an unprecedented economic crisis and sovereign debt default in 2022.

However, his policies are criticized by both the main opposition leader Sajith Premadasa and Marxist leader Anura Kumara Dissanayaka.

Both Premadasa and Dissanayaka, who are top contenders in the presidential election along with Wickremesinghe, have pledged to revise the agreement with the IMF.

Sri Lanka's presidential elections are scheduled for September 21.

"Thinking of reversal of the current policies, it would be unthinkable. That could result in deviating from the IMF programme," Chnadranath Amarasekara, Central Bank Assistant Governor and the Secretary to the Monetary Policy Board told reporters at a media briefing on Friday (16).

"I think the entire world is looking at us and the entire world is intending on the IMF programme for Sri Lanka to place their trust," he said.

"There could be adjustments within the programme within the policies that are there at the moment. But any major derailment through fiscal policy stance or even the monetary policy stance, with that there will be severe implications for Sri Lanka."

The central bank is not considering any policy reversal after the elections in its forecasts, he said.

"Even we don't project something like this because we can't project something on policy reversal."

Source: -The Island - 2024/08/18



## Sri Lanka Tourism wins ‘Best Tourism Board’ accolade at Global Tourism Awards 2024



Sri Lanka Tourism Promotion Bureau (SLTPB) won the ‘The Best International Tourism Board’ accolade at the Global Tourism Awards 2024 held in New Delhi, India on the 02nd of August, 2024.

The Global Tourism Awards is an annual event organized by Travel World Online (TWO) which serves as a platform to honor and celebrate organizations that have made outstanding contributions to the Tourism Industry shaping its landscape and driving positive change. This year’s event was particularly special as it comprised of various categories and a large number of applicants across the world, selected by a prestigious jury, headed by Nakul Anand, former Executive Director of ITC.

This award was presented to . Chalaka Gajabahu , Chairman ,SLTPB with the presence of Harin Fernando, Minister of Tourism, Lands, Sports and Youth Affairs who graced the occasion as the Guest of Honour.. Commenting on this award, .Nalin Perala , Managing Director SLTPB said , ‘ ‘ We are

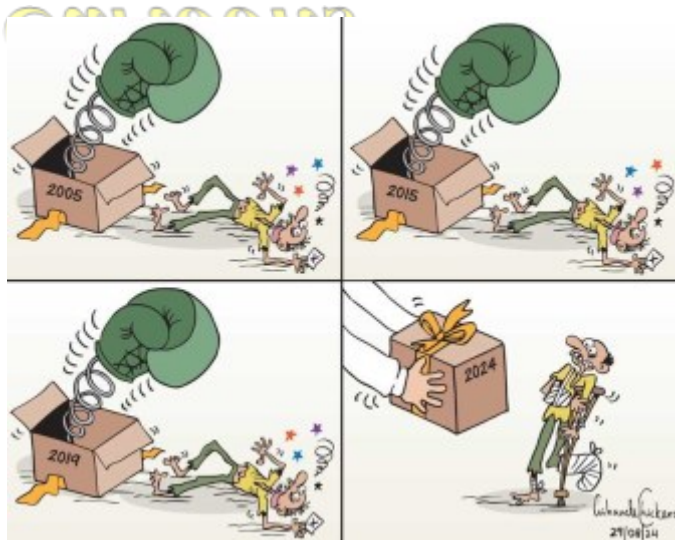
grateful to the Jury for selecting Sri Lanka Tourism Promotion Bureau for this prestigious award considering its dedication and commitment through its continuous promotional efforts towards showcasing Sri Lanka to the world as one of the best tourism destinations ‘ ‘

He further said that many accolades and international endorsements received by Sri Lanka Tourism in the recent past from various media publications and travel influencers who visited Sri Lanka would have also contributed towards this prestigious moment. He thanked all the Travel Industry stakeholders for their continuous support towards this success.

Sri Lanka Tourism has attracted 1,198,059 tourists up to 31st July 2024, which is 56% increase over 2023 and is confidential of accomplishing its target of 2.3 million tourists this year.

Source: The Island : 2024/08/07

## Cartoons



Source:cartoon- Daily Mirror – 29.09.2024

Source: cartoon - Sunday observer 25.08.2024

## IMF wants Sri Lanka to continue austerity



Budget 2025 needs to be underpinned by appropriate revenue measures and continued spending restraint to reach the medium-term primary balance objective of 2.3 percent of GDP—a key requirement for restoring Sri Lanka’s debt sustainability, the IMF said in a statement on Friday (02).

An IMF mission team, led by Senior Mission Chief, Peter Breuer, visited Sri Lanka from 25 July 25 to 02 August 2024, to discuss recent macroeconomic developments and progress in implementing economic and financial policies under the authorities’ economic reform programme, supported by the IMF’s Extended Fund Facility (EFF) arrangement. Breuer issued the following statement yesterday.

“The economic reform programme implemented by the Sri Lankan authorities is yielding commendable outcomes. The recovery continues with real GDP posting three consecutive quarters of expansion, and growth accelerating to 5.3 percent year-on-year in the first quarter of 2024. Inflation remains contained below the Central Bank of Sri Lanka’s (CBSL) 5 percent target and domestic borrowing rates have declined. Gross international reserves increased by US\$1.2 billion during the first half of 2024 and reached US\$5.6 billion. Fiscal revenue collections increased during the same period. Going forward, these improvements need to translate into better living conditions for all of Sri Lanka’s people.

“With Sri Lanka’s knife-edged recovery at a critical juncture, sustaining the reform momentum and ensuring timely implementation of all programme commitments are critical to cement the hard-won economic progress to date and put the economy on a firm footing. Maintaining macroeconomic stability and restoring debt sustainability require further efforts to raise fiscal revenues. The 2025 Budget needs to be underpinned by appropriate revenue measures and continued spending restraint so as to reach the medium-term primary balance objective of 2.3 percent of GDP—a key requirement for restoring Sri Lanka’s debt sustainability. The planned relaxation of import restrictions on motor vehicles will support revenue mobilization in 2025.

Tax administration reforms could further improve compliance, including by establishing a properly functioning VAT refund system for exporters by April 2025. Any proposed measure eroding the fiscal position needs to be offset by compensating measures of high quality. Avoiding new tax exemptions will not only reduce corruption risks and fiscal revenue leakages, but also ensure a more predictable and transparent tax system. Continuing to maintain energy prices at cost-recovery levels is critical to avoid potential fiscal costs. Protecting the poor and the vulnerable through improved targeting and better coverage of cash transfers remains critical. Policy slippages could jeopardize the recovery.

“The recent parliamentary approval of two key pieces of legislation—the Public Financial Management Act and the Public Debt Management Act—is a milestone that will improve fiscal discipline and prudent debt management, bolstering transparency and accountability. Developing a holistic debt management strategy and establishing a well-structured and integrated Public Debt Management Office will help lower the government’s financing risks.

“Inflation has been well-contained. Monetary policy should remain prudent and prioritize the anchoring of inflation expectations. Maintaining price stability also hinges on safeguarding CBSL’s independence. Continued reserve accumulation and exchange rate flexibility remain key priorities.

“The recent amendments to the Banking Act and the related implementing regulations will help safeguard financial stability. To allow the financial sector to contribute to economic growth, the authorities need to ensure the banking sector is adequately capitalized.

“The recently formulated National Anti-corruption Agenda, building on the authorities’ earlier governance action plan, is a welcome step. A steadfast implementation of governance reforms outlined in the Governance Diagnostic Report, prioritizing near-term commitments under the EFF programme, is critical to addressing corruption risks and promoting a break from past policy missteps. Ensuring an enabling environment for governance reforms is key to bolstering public confidence and facilitating implementation of these important efforts.

“The authorities have made commendable progress with putting debt on a path towards sustainability. The execution of the domestic debt restructuring and finalizing the agreements with the Official Creditor Committee and China EXIM Bank are major milestones. IMF staff assessed the “Joint Working Framework” announced at the conclusion of the second round of restricted discussions with the bondholder committee and have provided this assessment to the authorities and, on their request, the financial advisors of the bondholders. We encourage a swift resolution of the remaining steps to achieve debt sustainability and regain investor confidence. We will continue to support Sri Lanka’s ongoing debt restructuring efforts.

“Progress in meeting key commitments under the IMF-supported programme will be formally assessed in the context of the third review of the EFF. The timing of the third review will be discussed with the government after the recently announced presidential elections.

“The IMF team held meetings with President and Finance Minister Ranil Wickremesinghe, Central Bank of Sri Lanka Governor Dr. P. Nandalal Weerasinghe, Secretary to the Treasury Mr. K M Mahinda Siriwardana, and other senior government and CBSL officials. The IMF team also met with Parliamentarians, representatives from the private sector, civil society organizations, and development partners.

“We would like to thank the authorities for the excellent collaboration during the mission and reaffirm our commitment to support Sri Lanka for a full and inclusive economic recovery.”



# Upcoming Training Programmes by CNCI



**CNCI**  
Webinar



## Be an Effective Supervisor to Level Up Your Leadership & Supervisory Skills

### Content

- The Role of the Supervisor
- Principles of Effective Supervision
  - Communication
  - Leadership and Motivation
  - Problem Solving and Decision Making
  - Time Management
  - Personality Development
  - Productivity in the Organization
  - Understanding Basic Labour Laws



**19<sup>th</sup> September 2024**



**9.30 am - 12.30 pm**



**ZOOM**

### Resource Person

**Ms. WAJIRA RATHNAYAKE**  
(BB.Mgt HRM sp, MHRM, ACIPM, Dip in Psychology and Counselling)  
 Senior Lecturer, Researcher and a Corporate Trainer over Twelve years

### Investment

For Members:       Rs. 6,000/-  
 For Non Members:   Rs. 6,500/-

### Language

Sinhala / English (Notes in English)

### Target Audience:

**Directors, CEOs, Managers, Executives, Supervisors and all involved in HR / Administration**

### For Registration

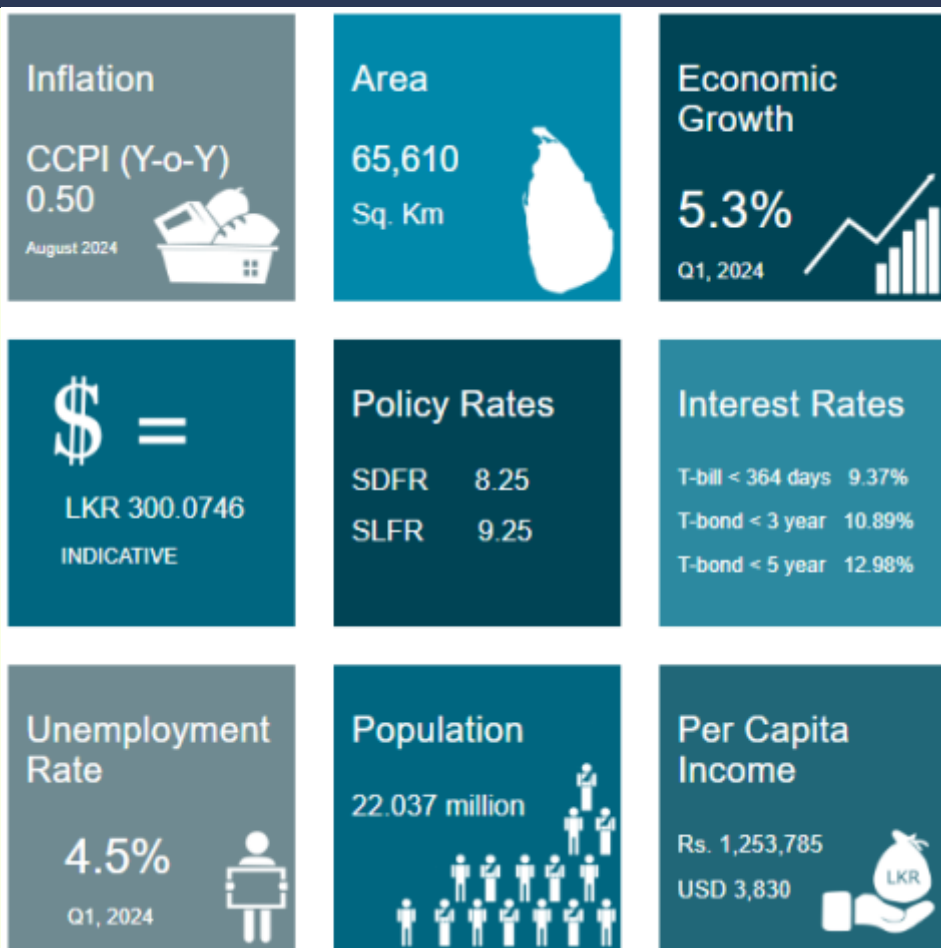
Please fill and submit the Google Form or Email your duly filled registration form to:  
[cncihrd.training@gmail.com](mailto:cncihrd.training@gmail.com) | [cnci@slt.lk](mailto:cnci@slt.lk)

Contact For More Details:  
**0112 339 200 / 0112 452 181 / 077 1777 115 (Sumudu/ Nilanthi)**

**EXCHANGE RATES AS AT 31ST AUGUST 2024**

| Date                 | Buy Rate (LKR) | Sell Rate (LKR) |
|----------------------|----------------|-----------------|
| Australian Dollar    | 198.6756       | 209.2523        |
| Canadian Dollar      | 217.4871       | 227.3220        |
| Swiss Franc          | 345.6871       | 362.4985        |
| Renminbi             | 40.8011        | 43.5138         |
| Euro                 | 325.4653       | 339.0292        |
| British Pound        | 387.4796       | 402.5348        |
| Yen                  | 2.0305         | 2.1144          |
| Singapore Dollar     | 224.7805       | 235.4957        |
| United States Dollar | 295.3866       | 304.5824        |

Source: <https://www.cbsl.gov.lk/en/rates-and-indicators/exchange-rates/daily-buy-and-sell-exchange-rates>

**Sri Lanka Economy SNAPSHOT**

Source : <https://www.cbsl.gov.lk/en/sri-lanka-economy-snapshot>