

NEWS ROUND UP

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Contents

President electrocutes PUCSL for power crisis.....	2
JVP roasts Govt. for loading Foreign Service with political appointments.....	3
SAGT strengthens operating infrastructure capabilities with Rs. 1.6 b investment.....	4
Rupee dip bloats debt.....	4
Stocks down, rupee up	5
Marapana says no laws to establish hybrid courts and allow foreign judges	6

President electrocutes PUCSL for power crisis

President Maithripala Sirisena found fault with the Public Utilities Commission for creating the power shortage in the country during yesterday's Cabinet meeting.

Discussing the power crisis in the country, the President said the PUCSL was directly to blame for the issue, as the regulator failed to approve the Long Term Generation Plan, while PUCSL engineers keep contact with owners of private power producers.

The President claimed that engineers in the PUCSL have even taken foreign trips with the owners of private power producers.

Minister Patali Champika Ranawaka however pointed out that the shortage the country was facing was predicted by him, through a Cabinet memorandum as early as 2017, Daily FT learnt.

To find a remedy for the situation, the Cabinet appointed a three-member Committee led by Power, Energy, and Business Development Minister Ravi Karunanayake. Cabinet Minister Kabir Hashim and Non-Cabinet Minister Dr. Harsha de Silva are also in the committee, Daily FT learnt.

The Committee is required to present a report after inquiring into the current situation, and present recommendations to address the shortage.

The PUCSL is, however, going ahead with their plan to file action against the CEB for power interruptions being carried out without the approval of the regulator.

Following a public call made on Monday to report power cuts experienced by consumers, the regulator has already received 30 complaints, and has sought legal advice to proceed with filing legal action, Daily FT learnt.

Meanwhile, the CEB, who started cloud seeding last week with foreign technical assistance, halted the exercise yesterday, CEB officials confirmed.

The CEB was hopeful of utilising the rain water created from the exercise to fill the reservoirs and carry out generation to meet the current power demand.

The PUCSL on Monday said it will take legal action against the CEB for carrying out scheduled power interruptions sans their approval, noting the move was illegal as per the conditions of the License agreement.

A Cabinet paper, recommending action to avoid the power shortage at the beginning of 2019, approved in August last year, was not implemented either, Daily FT learnt. The paper recommended the development of a power purchase scheme from standby power generators, both in private sector and Government institutions.

None of the projects planned in Long-Term Generation Plans since 2011 have been implemented, except for the tender called for a 300MW LNG plant in Kerawalapitiya, which should have been in operation by 2019.

In a letter written in March 2016, seen by the Daily FT, the Commission informed the Ministry Secretary Dr. B. M. S. Batagoda that the country could face capacity shortages in 2018/2019 and beyond under

drought conditions, as generation demand was predicted to increase at 5.5% per annum during 2015-2022 period.

The PUCSL recommended that the Ministry implement a National demand side management program, develop planned conventional power plants on schedule, and expedite the grid integration of planned renewable energy-based plants.

The PUCSL, having received no response from the CEB, then wrote to the Ministry of National Policies and Economic Affairs in November 2016 to keep them abreast of the situation, with a note to be forwarded to the Cabinet Committee on Economic Management (CCEM).

Following the letters sent by the PUCSL, in June 2017, the Power and Renewable Energy Ministry wrote to the CEB, instructing them to immediately commence work on the power plants lined up in the Long Term Generation Plan, followed by a CEB Board Decision to urgently implement the schedule outlined by the Ministry. (Daily FT)

JVP roasts Govt. for loading Foreign Service with political appointments

Appointing henchmen to key diplomatic posts in strategically important locations attracted heavy criticism yesterday in Parliament, with Janatha Vimukthi Peramuna (JVP) politicians pointing out that currently Sri Lanka has political appointees posted at every South Asian mission, and in many other key countries, including China, Japan, and Russia, which have key economic links to the country.

MP Bimal Rathnayake

Taking part in the Committee Stage Debate of Budget 2019, Opposition lawmaker Bimal Rathnayake blamed the Government for not allowing career diplomats to operate the Sri Lankan missions abroad, and also allowing the henchmen to behave unprofessionally.

According to MP Rathnayake, the SAARC countries, except for Bhutan where Sri Lanka has no mission, are filled with henchmen. “The Ambassador and High Commissioner posts of India, Pakistan, Bangladesh, Nepal, Afghanistan and Maldives are occupied by political appointees. We have political appointees as Ambassadors in Russia, China, Germany, Japan, Saudi Arabia, France, South Korea, and Canada,” he said.

Highlighting the fact of Sri Lanka neglecting to appoint an ambassador to the United States for over a year, said: “We thank the Government for showing Sri Lanka is the strongest country in the world and can afford to neglect the mighty United States. The President and Prime Minister together turned Sri into a superpower that does not even care for Washington,” he said.

Rathnayake, also looking at the corrupt appointees of the Rajapaksa regime, held that Udayanga Weeratunga and Jaliya Wickramasooriya, have made Sri Lanka’s Foreign Service into a “Fraud Service,” as they are currently fugitives wanted for fraud by INTERPOL.

“Meanwhile, political appointees under the current Government, such as A.S.P. Liyanage, have made the Foreign Service into a “Porter Service”. He was carrying the travelling bags of former President Mahinda Rajapaksa’s sons during a visit to Qatar. These were in photos,” he explained, requesting the Government to establish a code of conduct for political appointees if the Government is reluctant to avoid appointing henchmen to the foreign missions. (AH) (Daily FT)

SAGT strengthens operating infrastructure capabilities with Rs. 1.6 b investment

South Asia Gateway Terminals Ltd., the first public private partnership stevedoring container terminal in Sri Lanka, strengthened its operating infrastructure capabilities with the addition of six state-of-the-art Rubber Tyred Gantry (RTG) Cranes recently with an investment of Rs. 1.6 billion.

The addition of the new yard handling equipment will boost the terminal's RTG fleet from 31 to 37. This latest operational enhancement follows the introduction of ten intra-terminal trailers in June 2018.

The six ZPMC built RTGs are state of the art, providing operator ergonomic comfort, optimum safety and a host of features designed for high-efficiency.

SAGT was recently awarded the "Best Terminal in the Indian Sub-Continent Region" for third consecutive year and was also awarded the coveted "Best Transshipment Hub Port Terminal of the year" by Singapore-based Global Ports Forum. With a commitment to operational best practice with safety at its core, SAGT continues to set the benchmark for best in class terminal productivity.

SAGT's Chief Executive Officer Romesh David stated: "Team SAGT is committed to continuous integration of best practices and technologies in line with our commitment to performance excellence. These investments will bolster capacity through further increases in our productivity across all facets of operations thereby contributing towards augmenting the Port of Colombo's overall container handling capacity."

He further stated: "The maritime industry faces a sustained tough global operating environment in which we continue to work in partnership with our stakeholders to deliver value to our customers through operational efficiency leading to gains through reduced transaction costs. This in turn contributes to further under-scoring the competitiveness of the Port of Colombo as the pre-eminent container shipping hub in the region," he added.

SAGT with a design capacity at inception of 1.1 million TEU (twenty-foot equivalent container units) achieved a throughput of more than 2 million TEUs in 2018. It was the highest number of containers handled by the terminal in a single year, since it began operations in 1999.

SAGT has been featured by top global shipping lines as a case study for partnership-based performance excellence. (Daily FT)

Rupee dip bloats debt

The depreciation of the Sri Lankan rupee between January 2015 and November 2017 has increased the foreign debt by Rs.626.4 billion, the Government told Parliament yesterday, but stressed that foreign investment increases showed that confidence in the Sri Lankan economy was improving.

State Minister of Finance Eran Wickramaratne

Responding to a question for oral answer, the State Minister of Finance Eran Wickramaratne held the rupee had depreciated by 14.6% during the period in focus affecting the amount of total foreign debt of the central Government.

Rejecting impact on rupee depreciation from failing investor confidence on bonds, the State Minister said: “Depreciation of the rupee will lead to increase the foreign debt. This wouldn’t have happened if we took rupee loans.”

“Foreign Direct Investment in 2016 was \$1.5 billion. This has gone up to \$ 1.7 billion in 2017 and was increased to \$2.34 billion last year. This shows the growing foreign direct investment in Sri Lanka,” he confirmed.

According to research, Sri Lanka’s total external debt decreased to \$ 53,177.39 million in the third quarter of 2018 from \$ 53,487.28 million in the second quarter of 2018. The external debt in Sri Lanka averaged \$ 44,865.87 million from 2012 until 2018, reaching an all-time high of \$ 53,487.28 million in the second quarter of 2018 and a record low of \$ 37,098.10 million in the fourth quarter of 2012. (AH) (Daily FT)

Stocks down, rupee up

Sri Lankan shares closed at their lowest in more than six years on Tuesday, ending weaker for a seventh straight session, dragged down by telecommunication and banking stocks. The market awaits for some positive news from the third and final vote on the 2019 Budget scheduled for 5 April, market sources said. The Colombo Stock Exchange index ended down 0.29% at 5,513.67, its lowest close since 19 December 2012.

The benchmark stock index slipped 1.36% last week, recording its seventh consecutive weekly drop. The index has declined 8.64% so far this year.

Turnover was Rs. 311.5 million (\$1.76 million), less than half of this year’s daily average of Rs. 669.2 million. Last year’s daily average was Rs. 834 million.

Foreign investors sold a net Rs. 36.6 million worth of shares on Tuesday, extending the year-to-date foreign outflow to Rs. 6.1 billion worth of equities so far this year.

The rupee ended firmer at 177.40/60 to the dollar on greenback selling by some banks on behalf of inward remittances and exporter conversions. It had closed at 178.10/20 on Monday.

The latest budget aims to increase government spending by 13% in 2019, during which presidential election must be held, while it has set an ambitious goal to reduce a large fiscal deficit.

The stability of Prime Minister Ranil Wickremesinghe’s Government has been questioned by the Opposition since he was reinstated after a 51-day political crisis.

The rupee has climbed 2.93% this year as exporters converted dollars and foreign investors purchased government securities amid stabilising investor confidence after the country repaid a \$ 1 billion sovereign bond in mid-January.

Worries over heavy debt repayment after the 51-day political crisis resulted in a series of credit-rating downgrades, which dented sentiment as the country struggled to repay its foreign loans.

Sri Lanka is struggling to repay its foreign loans, with a record \$ 5.9 billion due this year, including \$ 2.6 billion in the first three months.

The rupee dropped 16% in 2018, and was one of the worst-performing currencies in Asia due to heavy foreign outflows.

Foreign investors bought a net Rs. 3.5 billion worth of government securities in the week ended 19 March, the third net inflow in five weeks, turning year-to-date net foreign buying to Rs. 1.8 billion, the latest Central Bank data showed. (Daily FT)

Marapana says no laws to establish hybrid courts and allow foreign judges

In the absence of legal provisions, the Government of Sri Lanka will not allow hybrid tribunals to be established in Sri Lanka, or for foreign judges to adjudicate possible culpability of Sri Lankans over war crime and human rights

Foreign Affairs Minister Tilak Marapana violations, the Foreign Minister assured yesterday. Issuing a clarification on the recent UNHRC resolution, the Minister of Foreign Affairs Tilak Marapana yesterday at the Committee Stage Debate of Budget 2019 held Sri Lanka gave no promises to establish hybrid courts allowing foreign judges in the country. "I need not talk much about the UNHRC session, which was already carried in media. But one thing should be made clear especially on the hybrid country. I don't think it was promised to foreigners," he said.

Minister Marapana, citing an example to highlight the impossibility to arbitrary amend the legislation said: "No matter how large the desire, we are unable to accept an ordinary person as a physician and allow him to do surgery by amending the medical ordinance.

This is not possible even with a referendum and a 2/3 majority, the Supreme Court will never allow that legislation to pass. We can't amend our aircraft ordinances to permit people not having pilot licenses to fly aeroplanes. So, in the same way, when we speak of foreign judges, we don't know what their qualifications are," he said.

Putting the final nails on the topic of hybrid tribunals and foreign judges adjudicating culpability of Sri Lankans, the Minister said that they should fall within the local qualifications and other parameters.

"In the first place for a person to be appointed a judge, he should have the basic qualification of Attorney at Law. Even the foreign medical specialists have to pass the Act 16 exam here in Sri Lanka. The foreign specialist could be a very eminent personality, but competencies must be checked here first. In my statement in UNHRC what I referred was that it may need a 2/3 majority and a referendum. I am not sure having those two alone will help to pass legislation. Without legislation, we can't have foreign judges to sit in tribunals and adjudicate the culpability of our citizens," he added. (AH) (Daily FT)