

NEWS ROUND UP

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Vehicle importers cry foul over customs anomalies on hybrid car classification

The Vehicle Importers' Association of Lanka (VIAL) yesterday charged that bureaucrats with vested interests within the Department of Customs is costing the Government, its membership, and the public millions in revenue.

At a media conference, VIAL claimed the Nomenclature (NC) Committee headed by a senior official at the Department had classified the popular Suzuki Wagon R vehicle as a non-hybrid petrol vehicle, whereby the Motor Vehicle division is forced to apply a higher petrol vehicle duty for these vehicles. This anomaly is now taking place despite 55,000 Wagon R's of the same specification already imported into the country, and over 200,000 other vehicles of similar category reaching Sri Lankan shores as hybrid vehicles, the Association charged.

VIAL President Sampath Merenchige said the Association is unaware of the reason behind the decision of the said official and the NC Committee for this action, which had also been extended to the new C Class Mercedes Benz. He added that the Association had made representations to the Director General of Customs on the matter, but claimed she is unable to take conclusive action due to activities of said senior officials. The Association has also engaged the Ministry of Finance to find solutions to the matter. The actions of the NC Committee come despite assurances and specifications provided by the vehicle manufacturer that it is a hybrid vehicle, the Association added.

Merenchige added that the Wagon R was the most affordable new car to lower income segments of the country who are yet hard-pressed to purchase the vehicle due to the growing tax slabs on motor vehicle imports. Accordingly, with the classification of the Wagon R under the fully petrol vehicle segment, these vehicles too would go beyond the reach of their customers, he said. Such arbitrary and unwarranted action would also severely impact government earnings from vehicle imports in a year the Government is hoping to earn much-needed revenue from vehicle imports, he added.

The Director General of Customs has reportedly issued a temporary approval to import these vehicles under the HS 8703.40.28 hybrid technology category, and called for a technical report on the technology employed by these vehicles. The Association charged that due to the actions of "weak administrators" within the Department of Customs, "it will become difficult to import any hybrid vehicles into the country, even though they are accepted internationally", with proven advantages to the economy and the environment. (Daily FT)

CEB to go for supplementary power purchases to address power shortage

The Ceylon Electricity Board yesterday sought approval from Public Utilities Commission (PUCSL) to procure 100 MW of supplementary power and sign agreements with two independent power producers as a means of addressing the deepening power crisis.

The two procurement deals, which were recommended by the CEB as a short-term solution to avoid the current power shortage, have been marred in controversy leading to delays in procurement, culminating in the power shortage.

Despite Power, Energy and Business Development Minister Ravi Karunanayake earlier saying that no supplementary power will be purchased even after calling for bids, he said the Ministry will be signing procurement agreements.

“We will be signing them up next week,” he told Daily FT.

However, it was not immediately clear if the PUCSL has granted approval to proceed with the procurement process.

As a means of managing the current shortage, Karunanayake also obtained Cabinet approval to carry out a public awareness campaign to save electricity by switching off two lights in very household for the next three months. The campaign also involves a set of guidelines for all Government institutions to take measures to reduce electricity consumption in government offices, religious and commercial institutions by 10% by switching off lights one hour before the usual time and turning off all unnecessary lights.

The Minister also obtained approval to issue a fresh policy roadmap for the electricity industry with aims to address current issues, energy mix and security, tariff methods, power generation, transmission and distribution systems, energy conservation, consumer services, and issuance of licences.

“This will amend the laws to iron out the disparities in the Electricity Act as well,” Karunanayake said.

The disparities in the Electricity Act and the Sri Lanka Sustainable Energy Act have been key reasons for delays in approving electricity generation projects. The Ministry is also set to introduce an all-new application procedure for generation licence in a bid to fast track approvals, while introducing a new feeding tariff for all small-scale power producers.

The new approval system requires all existing applicants to resubmit their applications, which is likely to further delay implementation of renewable energy projects, industry stakeholders warn.

“The new process is likely to delay us further. We have asked the Minister to evaluate our applications as it has been delayed already after spending over Rs. 100 million on application fees alone,” Solar Industries Association (SIA) Secretary Lakmal Fernando told Daily FT.

SIA earlier stated that 590 applications to set up mini solar projects are pending approval years after submitting.

The new application system aimed at weeding out bogus applicants will require the investors to obtain all the approvals from different agencies before submitting the Letter of Intent (LOI) from the Ceylon Electricity Board.

Minister Ravi Karunanayake, however, said that the CEB will take into consideration the concerns to explore the possibility of evaluating the applications separately without requiring them to go through application process again.

“We will see if CEB can, and if not, they will refund the money,” the Minister told Daily FT.

Fernando also expressed concern over the introduction of the new tariff, noting that a rate which does not include an Internal Rate of Return (IRR) of at least 19-20% will not be able to sustain the industry.

“If it is too low, no business will get in and no bank will fund such investment. If the rate does not match with the investors’ expectations, we will see a natural death of the industry,” he warned. (Daily FT)

Adani Global wins spot tender to supply coal to Norochcholai

Cabinet this week approved awarding the contract to supply 300,000 metric tonnes of coal for the Norochcholai power plant to Adani Global Ltd., the Government Information Department said.

Power, Energy and Business Development Minister Ravi Karunanayake submitted the Cabinet memorandum to award the tender to Adani Global to supply coal at \$ 81.87 per tonne through a spot tender, the statement said.

The spot tender process was followed to secure urgent supplies of coal for the Norochcholai power plant, which adds 900MW to the grid. (Daily FT)

H'tota refinery a potential money laundering risk: TISL

Transparency International Sri Lanka (TISL) yesterday claimed the controversy surrounding the proposed \$ 3.85 billion oil refinery in Mirijjawila, Hambantota, could have a negative impact on Sri Lanka's efforts to remove itself from the Financial Action Task Force's (FATF) 'Grey List' of countries vulnerable to money laundering and terrorism financing.

The main investor in the project, the Singapore based 'investment vehicle' Silver Park International PTE Ltd., is a company controlled by the family of Tamil Nadu politician and former Indian Union Minister Dr. S. Jagathrakshakan, whose business interests have previously been implicated by Indian authorities and the media in several alleged corruption scandals.

Of the 40 FATF recommendations which set the international standards on combating money laundering, recommendation 12 requires that reasonable measures are taken to ascertain the source of wealth and source of funds in transactions involving politically exposed persons.

TISL Executive Director Asoka Obeyesekere said, "In light of the efforts being made by the Central Bank of Sri Lanka to get off the FATF Grey List, it is essential that the Board of Investment conducts enhanced due diligence on the Silver Park International investment, given that its directors fall squarely within the FATF definition of politically exposed persons."

Given the confusion relating to the parties engaged in the project, TISL also calls on all state agencies to ensure adherence to proactive disclosure provisions outlined in the Right to Information Act. Section 9 of the RTI Act requires the line Minister of a given project to publicly communicate all available information relating to the project, three months prior to commencement.

Obeyesekere concluded, "The importance of such information being in the public domain cannot be understated, especially in the case of major foreign direct investment which will have a direct impact on the local economy. Ensuring transparency and accountability in these processes will also enhance the country's efforts to attract bona fide foreign investment." (Daily FT)

ETI depositors cannot be paid by public funds: Eran

The Government yesterday said it will not use taxpayer money to bail out Edirisinghe Trust Investment Finance Company (ETI) depositors but would explore the possibilities to resuscitate the business.

This was confirmed in Parliament yesterday by State Minister of Finance Eran Wickramaratne in response to an adjournment motion 'Relief for depositors of ETI Finance Company' moved by the Opposition, saying the Central Bank of Sri Lanka (CBSL), being the regulator, should be much stronger when it comes to monitoring and taking action.

Explaining the planned payback for 24,126 depositors, Wickramaratne held an investor has sent in \$ 54 million, which will be used to pay back 20% of the deposits and expects \$ 16 million more to pay another 10%.

"I spoke with the CBSL, which was anticipating \$ 10 million on Wednesday (yesterday). The payments cannot be settled unless we receive this in the local bank accounts. After paying 30% of the deposits, it is expected to restructure the ETI in order to pay back all deposits. Liquidation is the next option if this fails, but liquidation will provide the depositors much less," he said.

According to the State Minister, all collapsed finance companies had some element of fraud in them. "Ceylinco and Golden Key collapsed. We got to know Entrust finance company has also collapsed. We believe that another plan for Entrust should also be presented. Generally, there is fraud in all these failed companies. The directors and the owners should be responsible for this. The delay in the legal system is an issue. According to a recent survey, it takes 10 years to reach a judgment. Seven more years would be added to this if they appeal to the Supreme Court and the Court of Appeal. Directors know these loopholes," he said.

"There are registered and unregistered finance companies. Higher the risk, higher the returns and lower the risk, lower the returns. But the question is whether to use taxpayer money to support these failing companies. To support the depositors, we have increased the depositor insurance cover up to Rs. 600,000," he added.

The State Minister also confirmed that the banking sector of the country is much more stable compared to the finance companies. "During the last three decades, only one bank went down. But this is not the same as the finance companies. Once every two years, a finance company does down. The ETI has skipped taking action based on the instructions received from the CBSL from time to time. With the problem getting aggravated, on 22 May 2017 the CBSL was requested to take over the ETI. Since then, the CBSL took the management responsibility. The letter was sent at a time the depositors were demanding the money back," he confirmed. (Daily FT)

SriLankan Airlines ups flights to Tokyo

SriLankan Airlines, one of the first carriers to fly to Tokyo's Narita International Airport, is celebrating 35 years of flying to Narita by increasing its number of frequencies to five per week, with Sri Lanka growing rapidly in popularity as a destination for Japanese travellers.

The national carrier currently operates four flights a week on Mondays, Thursdays, Saturdays and Sundays, with flights departing Narita at 1120 hours and arriving in Colombo at 1710 hours on the same day. Flights from Colombo depart on Sunday, Wednesday, Friday and Saturday at 1915 hours and arrive at Narita at 0735 hours on the next day.

The fifth frequency, which will commence on the 16 July 2019, will depart Narita on Tuesdays and operate at the same times as flights on other days.

The added frequency will also facilitate Sri Lankan and South Indian travellers to Japan, which is hosting two major global sporting events - the 2019 Rugby World Cup and the 2020 Tokyo Olympics.

SriLankan is the only airline to operate non-stop from Tokyo to Colombo and provides rapid connections to many cities in South India and also to the Maldives which is a highly popular destination among Japanese tourists. Sri Lanka welcomed nearly 50,000 Japanese visitors in 2018 and is popular among both Japanese leisure travellers and those on wellness tours who wish to experience Sri Lanka's famed Ayurveda medical and relaxation techniques.

SriLankan has deployed its sophisticated Airbus 330-300 fleet on the Narita-Colombo sector, which contains 28 flatbeds in business class, plus 269 economy class seats, complimented by a sophisticated in-flight entertainment and world class service provided by SriLankan's award winning cabin crew.

Apart from its direct service, SriLankan also offers 70 flights a week between Japan and Colombo via its code share option with its oneworld partner Japan Airlines from Haneda, Narita, Kansai and Nagoya and through SriLankan's gateway points Bangkok, Singapore, Kuala Lumpur and New Delhi.

SriLankan's service is conveniently connected to many other Japanese cities through code share connectivity through its partner Japan Airlines' domestic flights from Fukuoka, Kansai, Nagoya and Chitose.

Sri Lanka's national carrier has won a string of international awards including 'World's Leading Airline to the Indian Ocean' at the World Travel Awards; and 'Asia's Leading Airline to the Indian Ocean' at World Travel Awards Asia Australasia.

A member of the oneworld global airline partnership, SriLankan Airlines operates a route network of 111 cities in 48 countries from its hub in Colombo and also connects to over 1,000 cities in 160 countries through its oneworld partner airlines.

Sri Lanka, often called Paradise or the Emerald Isle, offers superb value for money as a destination with a wide range of attractions that include wellness tours in Ayurveda and yoga therapy; brilliant white sandy beaches stretching for hundreds of miles along its coastline; amazing opportunities for wildlife safaris and whale watching; and is growing as a city of choice for meetings, incentives, conventions and exhibitions (MICE tours).

Sri Lanka has in recent months received the highest global ratings with Lonely Planet rating it as the number one place to visit in 2019; and Condé Nast rating it as a top 20 destination;

SriLankan Airlines is also the largest airline operation to the Maldives, which is a destination of choice among high-end visitors who enjoy its unspoiled coral atolls, spectacular underwater coral reefs and brilliant marine life. (Daily FT)

Sri Lanka kicks off first ever tourism campaign in South Africa

The Sri Lanka High Commission in Pretoria, with the support of the Sri Lanka Tourism Promotion Bureau, organised "So Sri Lanka" Tourism Exhibition at Aviary Court in Menlyn Shopping Mall from 20-25 March. It was the first ever Sri Lanka Tourism Promotional Campaign that took place in South Africa. Menlyn Shopping Mall is the largest shopping mall in the African Continent, which records 1.4m foot counts a month.

The Exhibition was launched on 20 March, and Bangladesh High Commissioner Shabbir Ahmad Chowdhury, Pakistan High Commissioner Sohail Khan, Georgian Ambassador Beka Dvali, and Sri Lankan High Commissioner. Kumar Mallimaratchi participated as the Chief Guest and Guests of Honour at the Launch. General Manager and Centre Management Officials of Menlyn Shopping Mall also were among the invited guests at the opening.

At the invitation by Kumar Mallimaratchi, on 21 March, Sri Lanka Cricket ODI and T20 Captain Lasith Malinga with Suranga Lakmal, Thisara Perera, Niroshan Dickwella, Angelo Perera, along with Manager Jerry Woutersz, Selector on Tour Brendon Kuruppu, Bowling Coach Rumesh Ratnayake and ex-Sri Lankan player and commentator Russell Arnold visited the exhibition as the Guests of Honour. Arrival of the

cricketers attracted a great number of visitors to the venue, and they had the opportunity to interact with cricketers and other VIPs.

With the objective of making awareness and promoting Sri Lanka as a tourist and travel destination among South Africans, the Exhibition created visual impact of the beauty of the country, and “So Sri Lanka” themes on several aspects of culture and tourism that Sri Lanka had to offer to the world. Aviary Court, which is centrally located in the mall made it convenient for the passers-by to take a moment of their time to witness the attractions, and hopefully allowing the visitors to think about Sri Lanka as their next holiday destination. The Publicity for the event was also given by Diplomatic Society Managing Director Kirtan Bhana, and Val Boje, Editor of Pretoria News, the most circulated newspaper in Gauteng Province. The visitors were also given the opportunity to participate in a draw and win memorable gifts such as a cap signed by Sri Lankan cricketers and Ceylon tea gifts, etc. The information counter at the venue provided clarifications, and disseminated information and tourism brochures to the visitors. The event was coordinated by Sri Lanka Tourism Promotion Bureau First Secretary (Commercial) Kapila J. Kumara, with the assistance of Marketing Director Madubhani Perera, and Junior Manager Inoka Gayathri. (Daily FT)