

NEWS ROUND UP

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Economy and security at core of SL future

Promoting and protecting Sri Lanka's economy and security was placed at the core of multi-dimensional challenges facing the country by Army Commander Lt. General Mahesh Senanayake yesterday.

Delivering the keynote address titled 'Role of a Corporate in a National Crisis', at a seminar organised by the Association of HR Professionals (HRP) at BMICH, Commander Senanayake highlighted leadership, effective policies and patriotism based on a Sri Lankan identity as essential elements to restore calm and put the economy back on track. Referring to the Easter Sunday attacks and their impact across the economy, he acknowledged that Sri Lanka was faced with a fresh threat that would require ceaseless vigilance, but he also stressed that it was a situation Sri Lanka has the capacity to respond to competently.

"When we consider our core challenges, we can identify two key terms; national economy and national security. There is a need for short, medium and long-term policies to address these two points that are the most important to the nation," he told the gathering.

He pointed out that promoting democracy and good governance, strengthening national security and law and order, foreign policy based on a win-win philosophy, sustainable socio-economic development, promoting meaningful inter-religious harmony and reconciliation, and maximised trade and investment opportunities were all aspects linking national security and the economy together.

"Absence of a realistic and coherent national security strategy and national defence strategy have been key concerns over the years. Due to various reasons even after 70 years of Independence, we have not been able to draft a strong national defence policy to capture the depth and width of Sri Lanka's national interest. A successful national defence policy can give impetus to our aspirations as well as socio-economic development, creating an environment that is conducive for development," he said.

Describing national security as the 'life blood' of the armed forces, he called for a range of steps to be taken to foster community harmony and prevent fresh groups of extremists to emerge. He advocated laws to stop racist movements and hate speech with violence based on religious extremism to be treated as a 'major offence'.

"A nation that humiliates another based on religion is not a truly civilised society. We also need to understand and address root causes of radicalisation. Inter-religious and inter-racial engagement will resolve misunderstandings and build trust. Structural reforms in education to allow children to study in mixed schools would be positive with involvement of intellectuals and academia. We have to work to prevent the formation of another group by proactively addressing extremism."

Calling for corporates to produce better leaders in higher numbers, he called for professionals to focus on security as well as their other responsibilities. "Security should be in our DNA in the future. You as HR professionals are responsible for the lives of your employees, so don't compromise security."

"As a responsible citizen, you are the first line of defence. Your vigilance, far-sighted choices and decisions will determine the future of this great nation. Vigilance and awareness of your surroundings could foil 80% of potential terror attempts. As the commander of the Army I have a sincere request for you all to be a transformational change manager, to yourself, your family, your organisation and to the nation. As a responsible citizen you should be able to add value to the country so it becomes a safer and more prosperous place," he said.

“Leadership, effective communication, and commitment are my own success mantra. As leaders, you must ask yourself ‘why should anyone be led by you?’ then ‘why should anyone work for you?’; what do your followers want from you, and are you a source of energy or an energy drainer? I believe the genesis of many problems is lack of effective leadership at every level. We need leaders who can make right decisions, at the right time, across the organisation.”

Commander Senanayake called on HR managers to understand the emotional and practical issues faced by their staff and work to address those problems as they were integral to an organisation’s performance and its capacity to recover from a crisis.

“As HR managers, when your people are down, you must understand and rise with them as a team in chaos. The future is defined by choices we make today.”

The Commander acknowledged the greatest security challenge comes from the rise and spread of extremism, radicalisation and terrorism. “Threats from these sources are complex and unpredictable. In contrast to conventional warfare, victories over extremism and terrorism are very rare. Fighting terrorism is like boxing, where you usually win by points, not by knockout. Therefore we always have to punch above our weight.”

“We need to use power smartly and craft coherent national policies. For that citizens must start thinking as Sri Lankans. We must unite for the survival and progress of this great nation. We need to understand that not all Muslims are terrorists and we have been living with them for centuries. During the war, many Sri Lankan Muslims sacrificed their lives for this nation and they remain in our hearts. The problem that we face today has many hidden layers that we need to identify and address holistically. Sri Lanka has already fought one long war and Sri Lanka cannot sustain another war at this moment. All Sri Lankans must think of the kind of country we will leave behind for our children.”

The Commander also called for monitoring of social media platforms, especially against spreading hate speech alluding to people spreading racist posts as “more dangerous than a suicide bomber”.

“We can only bring peace by working with all communities. We have to understand our responsibility as a nation. It is our duty to use the resources available to foster development and set an example for others to follow. We have to work for the best interests of our nation. An enduring civil-military partnership must be developed to fight radicalisation and escalation of extremism.” (Daily FT)

China assures prompt promotion of tourism into Sri Lanka; softens travel advisory

China has reiterated it attaches importance to Sri Lanka’s concerns on its tourism industry hit by the 21 April attacks and will promptly promote Chinese tourist arrivals to the island and tourism exchanges.

Chinese Ambassador to Sri Lanka Ambassador Cheng Xueyuan gave this assurance when Sri Lanka’s Tourism Minister John Amaratunga met with him last week at the Chinese Embassy in Colombo.

During the meeting, the two sides exchanged in-depth views on promoting tourism exchanges and personnel exchanges between the two countries, the Embassy said in a statement.

Last week, the travel ban on visiting Sri Lanka implemented by China was lifted to “cautious when traveling” to Sri Lanka, and the Authority is confident that the travel advisories will be lifted in the next couple of weeks as they have been working closely with many diplomatic missions since the incident.

Minister Amaratunga said that the friendly relations between Sri Lanka and China have a long history and recalled that China has long supported the economic and social development of the country and has built most of the landmark buildings in Colombo.

Tourism is a pillar industry of the economy and was seriously affected by the 21 April bombings, the Minister noted. Sri Lanka thanked China for its help and support after the incident.

Minister Amaratunga expressed hope that China would promote Chinese tourists to resume travel to Sri Lanka. The Government will strive to create a safe and comfortable tourist environment for them, he assured.

Ambassador Cheng Xueyuan said that the traditional friendship between China and Sri Lanka is profound and the exchanges between the two countries are very frequent.

Expressing sincere condolences on the 21 April bombings in Sri Lanka, the Ambassador said China is willing to provide assistance within the capacity of Sri Lanka to safeguard national security and promote economic development.

The Chinese side attaches importance to the relevant concerns of the Sri Lankan side and hopes that the Sri Lankan side will understand China's practical security concerns, he added.

"We will proceed according to the security situation of Sri Lanka, and promptly promote Chinese tourists' visits and promote tourism exchanges as well as personnel exchanges between the two countries," the Ambassador said.

Minister Amaratunga expressed full understanding and heartfelt thanks for the Chinese support, the Embassy said. (Daily FT)

Sri Lanka mobile phone network latency not good enough, survey finds

Download speeds on Sri Lanka's mobile phone networks are not bad compared with other countries but latency – the time data takes to travel between servers - is not good enough, a new survey has found.

That means there could be effects on the quality of say voice calls using the internet, said Ayesha Zainudeen, senior research manager at the LIRNEasia think-tank which helped to do the survey of mobile phone owners aged 15-65 years.

"On download speed we are not doing too badly," she said.

There was a small difference in download speeds between urban and rural users in the island, she told a forum where the findings of the 'AfterAccess' survey were presented.

It studied how individuals in 23 countries of the what's called the 'Global South' access and use information and communications technologies (ICTs).

However, Zainudeen said Sri Lanka did not fare that well in measurement of latency, the time a packet of data takes to go from one network server to another or delays in data transfers.

The survey said there was a need to move beyond just download speeds as a measure of quality. It found that latency on 3G networks in Sri Lanka was poorer than in Singapore except for a few hours late at night.

"Quality is not just about download speed," Zainudeen said. "If you want people to download music, for instance, or want them to do transactions, even VOIP (voice over IP or internet protocol), latency is important.

"In Skype calls, if there are delays in speech, that indicates latency problems," she said. "Ideally we want latency to be as low as possible.

"Latency on 3G and 4G networks in Sri Lanka is not really that good. We benchmarked with Singapore and in both cases we were above them, so we are not doing that great on latency." (Economy Next)

Sri Lanka's formal hotel investments grow \$2.9 million in March

Net investments into Sri Lanka's formal hotel sector since November 2010 grew by 2.9 million US dollars in the March quarter of 2019, amidst one 26-room project in the Batticaloa District worth 11.8 million US dollars pulling out, official data showed.

New investments in the previous quarter amounted to 54.7 million US dollars.

Sri Lanka experienced a constitutional crisis in the final quarter of 2018, which has contributed to a falling investor confidence.

The new investments in the March quarter are spread over 17 projects, all with less than 50 rooms each.

For the first time in 9 years, the Kilinochchi District received a formal hotel investment which will add 15 rooms.

The most number of new hotels are in the Galle District, with 7 projects adding 86 rooms.

Another 6 hotels, comprising of 82 rooms are in the Matara District.

Meanwhile, the total registered room supply in the country went up to 38,908 in March, from 38,214 in December and 36,133 from a year earlier

The increase in March from December came mostly through guest houses (376 rooms), while two new four star hotels (136 rooms), and a slew of bungalows and guest houses contributed to most of the remainder.

The March quarter also saw two new hostels (16 rooms) being registered, for the first time in history.

The Sri Lanka Tourism Development Authority has been enforcing regulations more stringently in recent years, forcing all tourism businesses to register. (Economy Next)

Sri Lanka growth may below 3-pct in 2019: Report

Sri Lanka's economy is expected to grow below 3 percent in 2019 after the Easter Sunday attacks dampened growth prospects, the research arm of First Capital, an investment house, said.

"The Easter Sunday attack is expected to have a detrimental impact on the economy possibly further slowing down the sluggish economy," FC Research said.

"We expect the recovery would require at least a one year period, forcing a downward revision to our 2019 GDP growth projection to below 3.0 percent from the previous 4.3 percent," it said.

Even before the bombings, the economy showed signs of further slowdown, due to an extended period of liquidity shortages, and falling private credit, with banks witnessing higher bad loans.

"Falling below the CBSL credit growth projection of 13.5 percent, private sector credit growth decelerated at an alarming rate to record a year-to-date growth of 0.5 percent during the first quarter leading to a contraction in financial sector asset base," FC Research said.

In the December quarter, growth had been 1.8 percent, as a political crisis and liquidity shortages, especially in the construction sector, suppressed growth.

FC Research said that the central bank is almost certain to cut policy rates to spur growth.

Sri Lanka's central bank is at the moment keeping overnight rates up using term repo deals to withdraw cash instead of outright sales of bills.

"First Capital Research allocates a 95 percent probability for a policy rate cut in May 2019 as we are of the view that policy intervention is inevitable to revive the overly sluggish economy and credit growth," the firm said.

FC Research said that a 50 basis point cut is most likely (60 percent likelihood), followed by a 75 basis point cut, whereas a 25 or 100 basis point cut are less likely.

The last statement from the monetary board in April had said that there was a possibility of a rate cut in May, while Central Bank Governor Indrajit Coomaraswamy, in two separate occasions over the past 10 days, has said a rate cut was on the cards.

FC Research said economic stability had improved with the International Monetary Fund balance of payment support program being extended till June 2020, and foreign reserves remaining above 7 billion US dollars despite outflows in April. (Economy Next)

Sri Lanka producers suggests tax cut for incremental exports after Easter Sunday attack

Sri Lanka's exporters are looking to export excess goods produced and not consumed in the post-Easter Sunday economy, a trade association said.

The Exporters' Association of Sri Lanka (EASL) in a statement said that it is encouraging exports in the industrial sector and in sectors such as fruits, vegetables and seafood, where there is a surplus without tourists to consume them.

"Acknowledging the colossal impact the attacks have had on human life, livelihoods, and the economy, the EASL is committed to do their part to help Sri Lanka recover," it said.

EASL said that it will lobby the government to implement a tax incentive, such as one based on incremental sales over the previous year, in order to boost exports. (Economy Next)